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LEGISLATIVE HISTORY

Public Law 606--80th Congress

Chapter 419--2d Session

H. R. 6659

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CONTINUATION OF EMERGENCY CONTROLS. Extends until June 30, 1949, certain allocation controls over tin, tin products, and antimony; import controls over fats and oils, rice and its products, nitrogen fertilizer, and pig tin; export priority controls over nitrogenous fertilizer materials and nitrogenous compounds; export priority controls over other materials under certain conditions where the prompt export of such materials is in the national interest; and continues authority for allocation of transportation facilities from February 28, 1949, to June 30, 1949. Provides that 50% of the export requirements of nitrogenous fertilizer materials for non-occupied areas shall be supplied out of nitrogenous fertilizer materials produced by plants operated by the Army, and authorizes the Army to produce sufficient nitrogenous fertilizer materials to fill 50% of the export requirements. The Act becomes effective June 1, 1948.

INDEX AND SUMMARY OF HISTORY ON H. R. 6659

February 24, 1948 Hearing: House, H. R. 6571.

May 14, 1948 H. R. 6571 was introduced by Rep. Holcott and was referred to the House Committee on Banking and Currency. Print of the bill as introduced. (Similar bill).

May 24, 1948 House Committee on Banking and Currency reported H. R. 6659. House Report 2022. Print of the bill as reported.

May 26, 1948 House debated and passed H. R. 6659 without amendment.

 Senator Maybank introduced S. 2746 which was referred to the Senate Committee on Banking and Currency. Senate Committee reported S. 2746 with amendments. Senate Report 1407. Print of the bill as reported. (Companion bill).

May 27, 1948 H. R. 6659 was referred to the Senate and placed on the calendar.

May 28, 1948 Senate debated and passed H. R. 6659 with amendments. Print of H. R. 6659 as passed the Senate. S. 2746 was indefinitely postponed.

 Senate Conferees appointed.

June 1, 1948 House Conferees appointed.

June 2, 1948 House received the Conference Report. House Report 2167.

June 3, 1948 House agreed to the Conference Report.

June 4, 1948 Senate agreed to the Conference Report.

 Approved. Public Law 606.

EXTENSION OF SECOND DECONTROL ACT

HEARINGS

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTIETH CONGRESS

SECOND SESSION

ON

H. R. 6571

(Superseded by H. R. 6659)

A BILL TO CONTINUE FOR A TEMPORARY PERIOD
CERTAIN POWERS, AUTHORITY, AND DISCRETION
CONFERRED ON THE PRESIDENT BY THE
SECOND DECONTROL ACT OF 1947

FEBRUARY 24, 25, 26, 27, MARCH 1, 2,
AND MAY 18, 20, AND 21, 1948

Printed for the use of the Committee on Banking and Currency



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EXTENSION OF THE SECOND DECONTROL ACT

TUESDAY, FEBRUARY 24, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee convened at 10 a. m., the Hon. Jesse P. Wolcott, chairman, presiding.

Present: Messrs. Wolcott, Gamble, Smith, Kunkel, Talle, Sundstrom, Cole, Hull, Stratton, Scott, Banta Spence Brown, Monroney, Folger, Riley, Rains, Buchanan and Multer.

The CHAIRMAN. The committee will come to order.

This morning we will take up the question of continuing certain powers of the Second War Powers Act as extended by the Second Decontrol Act.

Mr. William C. Foster, Under Secretary of Commerce, is here.

Mr. Foster, we are happy to have you proceed.

STATEMENT OF WILLIAM C. FOSTER, UNDER SECRETARY OF COMMERCE

Mr. FOSTER. Mr. Chairman, if I may, I would like to read a brief statement.

The CHAIRMAN. Very well. You may proceed.

Mr. FOSTER. I appreciate the opportunity to explain to the committee why the Department of Commerce considers it important that the Second Decontrol Act of 1947 should be extended on February 29. I realize there is little time for consideration of the measure. However, the members of the committee no doubt are familiar with the situation through the President's message of February 9, our two quarterly reports on operations under the Second Decontrol Act submitted on October 30 of last year and January 30 of this year, and Preliminary Report 16 of the House Select Committee on Foreign Aid.

The powers under the Second Decontrol Act which would expire on February 29 are:

First. Complete allocation powers over tin and tin products, over antimony, and over Government-held or derived cinchona bark and quinidine.

Second. Power to control imports of fats and oils, rice, and rice products, and nitrogenous fertilizer materials.

Third. Power to assist exports of nitrogenous fertilizers, of materials needed to increase the production abroad of materials critically needed in the United States, and of materials the prompt export of which is certified by the Secretary of State as being of high importance and essential to our foreign policy.

The power to limit or prohibit exports under the Export Control Act of July 2, 1940, is not involved. That act has already been extended by Section 3 of Public Law 395. The power to allocate the use of transportation equipment was also extended by Section 4 of Public Law 395.

Import controls over fats and oil and rice and rice products are being administered by the Department of Agriculture under the general supervision of the Secretary of Commerce, as provided in Section 6 of the Second Decontrol Act. I understand that Under Secretary Dodd of Agriculture will be here to testify with regard to these powers.

The other powers are under the direct jurisdiction of the Department of Commerce. Mr. McCoy, Director of our Office of Materials Distribution, is here to explain details of operations under these powers, as well as supply and demand situations with respect to the various materials involved. I shall limit myself to some general observations which I feel should be kept in mind in considering extension of these powers.

It is important, I believe, to realize that need for these powers arises from the devastation of war, either in areas from which we get tin and other important materials, or in areas which formerly produced foods and other materials for foreign nations.

This fact was the basis for the Second Decontrol Act in which the following findings of fact were made:

Sec. 2 (a). Certain materials and facilities continue in short supply at home and abroad as a result of the war. The continued exercise of certain limited emergency powers is required to complete the orderly reconversion of the domestic economy from a wartime to a peacetime basis, to protect the health, safety, and welfare of the American people, and to support the foreign policy of the United States.

While the situation with respect to some of these materials has improved since last July, these controls are still needed, except in the case of quinine. We revoked all controls over quinine on December 30 last.

To a large extent these controls are related to providing food and helping to prevent starvation. A principal use of tin, for example, is in preserving perishable foods, both in the United States and in foreign countries. Fertilizers also are directly related to food production. By supplying tin plate and fertilizers to foreign nations we reduce directly their requirements for food from us. The same is true of controls over rice and fats and oils.

We cannot foresee any immediate decrease in the requirements for foods in the world or in the requirements for the means of raising and preserving foods.

Another important aspect of these controls is their relation to our national security. This is particularly true in the case of tin. The National Security Resources Board has recommended that we exercise our controls over tin so as to make it possible for the Munitions Board to acquire tin for the stock pile of strategic and critical materials provided for under Public Law 520, 79th Congress. For your information I wish to submit a copy of a letter from Chairman Hill of the National Security Resources Board to the Secretary of Commerce.

Mr. Chairman, if I may, I would like to read that letter, since it is appropriate, at this point. This is addressed to the Secretary of Commerce.

MY DEAR MR. SECRETARY: The National Security Resources Board, at its meeting on January 16, 1948, considered the security aspects of the tin stock-piling program. The following excerpt from the minutes is transmitted for your information and guidance:

"Stock piling of tin: In view of the present world situation and the inadequacy of the supply of tin in the stock pile, it would be prudent to begin increasing the stock pile as soon as possible. Taking into account the minimum essential needs of industry for our national economy it would appear desirable that:

"(a) Every effort be made to secure additional tin through greater importations and through improving and increasing tin production.

"(b) A program be undertaken that would conserve tin and reduce the present requirements. The nature of such a program would of course be determined by the Department of Commerce.

"In supplies resulting from increased importations and from improved and increased production over present estimates should be acquired for the strategic and critical stock pile. Tin saved through the conservation measures developed by the Department of Commerce under the Second Decontrol Act should likewise be acquired for the stock pile.

"The authority of the Department of Commerce provided by the Second Decontrol Act of 1947 should be extended until June 30, 1949, in the interest of national security."

ARTHUR M. HILL,

Chairman, National Security Resources Board.

The amendments of tin controls, published on January 30 and designed to effect further conservation of tin, are in line with this recommendation. These amendments were made after thorough consultation with industry. I believe it is fair to say that industry generally approves the method for working out these savings.

The effective date was set for February 29, in order to give time to industry to adjust its operations. If controls are not extended, there will be no conservation of tin. In view of the scramble for this material which would occur, it is uncertain what the effect on stock piling would be. The alternatives facing the Munitions Board might be to abandon all present hope of carrying out the stock-piling policies adopted by the Congress or to enter into competition with industry for tin, regardless of the cost and the effect on prices and industrial users of tin. Neither alternative is desirable.

We realize that in our effort to conserve tin we shall probably impose hardship on some industries. As there is not sufficient tin to supply all needs, we attempt to make available adequate supplies for the most important uses, such as tin plate for food preservation. In the case of uses, however essential, where adequate substitutes are available, and in the case of less essential uses, an effort is made to distribute the available tin as equitably as possible without imposing unreasonable hardships on any particular industry. We also endeavor to conserve tin by imposing specification provisions which reduce the thickness of tin plate or the percentage of tin in solder or in brass or bronze to the minimum which will accomplish the particular purpose for which the tin plate, solder, brass, or bronze is to be used. The Department of Commerce knows that reducing the amount of tin which a person may use imposes hardship on him. In view, however, of the necessity of insuring an adequate supply for the most essential uses and in view of the fact that the balance is insufficient to take care of all claimants, I do not see that there is any practicable alternative except to impose restrictions. Without restrictions, demand would exceed supply by about 25 percent. Prices of tin would certainly tend to rise; concerns which use tin for such vital purposes as food preserva-

tion might be unable to get sufficient tin to accomplish the necessary food preservation, thereby wasting food and in all likelihood increasing the demand on us for food for Europe; concerns whose existence depends on getting small amounts of tin might be unable to get any and might therefore have to go out of business.

Another power of great importance to our national interest and to our foreign policy is that of giving priority assistance for exports. As an example, in the case of tin priority assistance given to equipment for producing regions in the Far East has assisted materially in the increases which have already been realized in tin production and will assist in future increases which can eventually do away with the need for controls over tin. Assistance given to assure prompt export of tin plate for food preservation abroad and for nitrogenous fertilizers for use in France, China, and other foreign countries has, we feel, reduced the demands of foreign nations upon the United States for food. In this connection, I wish to point out that the Foreign Aid Act of 1947 passed by the Congress in the special session provided funds for use of these priorities. Without the priorities the funds would have been ineffective. Other priorities assistance on the certification of the Secretary of State has brought prompt shipment of steel to Greece. These export priority powers have been used sparingly and with due regard for the strict standards set up by the Congress in the Second Decontrol Act. The extent to which we shall use them in the future, if we are authorized to do so, will depend, of course, upon the need in carrying out programs which Congress authorizes for relief purposes or for rehabilitation.

In conclusion, I would like to stress again the fact that the need for these powers is the result of the devastation of the war and is in many cases directly related to world food problems which probably will not be solved in the near future.

The CHAIRMAN. Are there questions of Mr. Foster?

Mr. Foster, you will be available later on, I assume, if we want you back?

Mr. FOSTER. Yes, sir. Mr. McCoy will now go into the details of these operations if you would like to have him do so, and I will be very glad to stand available if you wish to question me.

The CHAIRMAN. Are there any questions of Mr. Foster?

Mr. SUNDSTROM. I notice on page 4 of your statement, Mr. Foster, you say, "We realize that in your efforts to conserve tin, we shall probably impose hardship on some industries."

Can you throw a little light on which industries you think will suffer most?

Mr. FOSTER. Of course, the basic hardship which has to be imposed is a limitation on production. If you take, as an example, the packaging of beer in cans, that industry's production rate has been increasing very sharply, for that type of packaging, over the last year, when they were allowed to use tin again for use in cans.

Without a limit on that continued expansion, I suspect that during 1948 they could conceivably use almost twice as much tin in 1948 as they did in 1947. That is very desirable from their point of view. It makes for economies in handling and in production, and in that sense, the limitation would constitute a hardship on them.

Another hardship that might be cited is the case of pet foods. All during the war they were unable to use tin plate at all for packaging of their materials. We propose, in the new order, to keep the limit of tin plate used for that purpose to something over the 1947 level, and to reduce the tin consumption by restricting tin plate so that it will be only used on the body instead of in the body and ends. There are other similar restrictions which do constitute a hardship in the sense that the industry would like to use a good deal more tin.

Now, there are certain uses where we do not allow tin use at all. I believe costume jewelry might be cited as such an example. The restrictions we impose under the present law are on end use, and in certain uses we do not allow any tin at all, whereas in certain other uses we restrict the amount.

Mr. COLE. What about containers for oil?

Mr. FOSTER. Oil containers, under this new order, will be—motor lubricating oil, under this new order, will be contained in black plate instead of tin plate 1-quart cans.

Mr. SUNDSTROM. You were also talking about the percentage of tin going into solder, brass, or bronze. I assume that the reasons why people put the amount of tin they do in those particular items is because they think it is necessary. Who is going to decide whether the Department of Commerce is correct or whether their engineers are correct? I am just wondering how you arrive at that final figure.

Mr. FOSTER. Well, in all alloys there is always a difference of opinion. In any case there is always a question as to the exact amount of the alloy. In certain instances, in brasses and bronzes, for instance, it may be very desirable, for finishing purposes, or for somewhat longer resistance to corrosive influences, to use more tin. We simply have to make the determination that in the present emergency certain bronzes do not necessarily have to resist corrosion for 10 years, and that 5 years might be sufficient at the moment. That is the type of determination I am speaking of.

Mr. SUNDSTROM. I know there is a difference of opinion on that.

Mr. FOSTER. There is quite a difference, and I am sure that some of our determinations are sometimes questioned. But apparently there has been no substantial hardship in those fields, under the existing provision, and we do not propose to change the current restrictions under the new procedure. We simply plan to continue them.

Mr. TALLE. I believe that during the war manufacturers of stove polish were not permitted to use tin plate for their containers; is that correct?

Mr. FOSTER. Yes.

Mr. TALLE. How would you rate that use now?

Mr. FOSTER. I do not know the situation concerning that particular item at the moment. Mr. McCoy, are stove polish containers in the new order?

Mr. MCCOY. Some are all in tin plate and some in tin-plate cans with black-plate ends.

Mr. FOSTER. We restrict them in part, to black plate apparently.

Mr. TALLE. They used black plate during the war, and complained bitterly to me about it.

Mr. FOSTER. There are some minor uses in tin plate, the elimination of which does give us a certain number of tons. While none of

these restrictions alone are of tremendous magnitude, when you go across the entire container industry, you do realize substantial savings.

This new order, which we have proposed to put in if these controls are extended, is designed to save in the nature of 3,000 tons of tin over the proposed uses, which otherwise would not be saved.

Mr. TALLE. There are some purposes for which galvanized wire is not as good as tinned wire. Do you take that into account?

Mr. FOSTER. Yes, sir. Mr. Vogelsang, who is our tin expert, has a long prepared document on that. Personally I am not familiar with all the details. The only thing I can say is that we have been getting along, production-wise, well, without that tin-coated wire. We would propose to continue that restriction under these present plans. Again, that accounts for not a tremendous tonnage of tin in itself, but in the aggregate with the other items, it does constitute a substantial saving, and I believe that the galvanized coating of which you speak, while not as good as the tin coating, is a reasonable substitute.

Mr. TALLE. There again is a problem with which I had to deal during the war.

Mr. FOSTER. Yes, sir; you have the difference of opinion between technicians as to the degree of protection given by these various coatings. Frankly, our problem is to judge as between the least essential and the more essential uses, and we attempt, in making all of those determinations, to do it after thorough consultation with industry, and we have been discussing this particular restriction over a period of about 5 months now and, as I indicated—

Mr. TALLE. How much supply are you getting from the refinery in Texas City?

Mr. FOSTER. 33,300 tons last year, and I think the assumption is that we will get about the same this year, though we are hoping for a slight increase.

Mr. TALLE. What percentage of our total supply does that represent?

Mr. FOSTER. Last year the total supply was about 84,500 tons, so that is a little less than 30 percent.

Mr. SUNDSTROM. Mr. Foster, could you put in the record what you consider nonessential users?

Mr. FOSTER. What we consider nonessential users?

Mr. SUNDSTROM. Yes; along the lines of the example you mentioned. You do not need to do it now.

Mr. FOSTER. I would prefer to refer to them as less essential users.

Mr. SUNDSTROM. You may use your own terminology, but I think it would be helpful.

Mr. FOSTER. We will be glad to provide that for the record. (The document is as follows:)

SUPPLEMENTARY INFORMATION SUBMITTED BY WILLIAM C. FOSTER, UNDER SECRETARY OF COMMERCE, UPON REQUEST OF THE HOUSE BANKING AND CURRENCY COMMITTEE DURING HEARING ON FEBRUARY 24, 1948

PRODUCTS FOR WHICH TIN IS NOT CONSIDERED ESSENTIAL

Under the tin conservation order (M-43) use of tin is limited to certain listed products and processes. The general effect of this limitation is that tin is not permitted for products or processes which are not listed. A product or process has been included in the list if the use of tin is essential to that product or process. Conversely, the products and processes not listed are generally those in which the use of tin is not essential.

There are some exceptions to the generality that tin may not be used for unlisted items. First, certain tin-bearing scrap metal and plate may be used for any product, whether listed or not. Second, 100 base boxes of tin plate or terneplate (up to about 5 tons of plate) may be used for any except 10 items specified in the order (these are Nos. 1-10 in the second list below). Third, some tin-bearing materials, such as solder for joining, may be used for any product, whether listed or not. Fourth, special authorizations permitting tin usage are granted, on appeal, in hardship cases involving unlisted products.

The listed products are as follows (in some cases, these are subject to certain tin-conserving specification and end use restrictions):

1. Detonators and blasting caps.
2. Collapsible tubes.
3. Foil.
4. Dairy equipment.
5. Food preparing and handling equipment (for parts designated to come into actual contact with food).
6. Wire coating.
7. Lead base alloys (for coating).
8. Printing plates and type metal.
9. Dental amalgam alloys.
10. Pipe organs (for religious and educational institutions).
11. Bolster metal (for surgical instruments).
12. Fusible alloys and dry pipe seat rings.
13. Tin pipe and sheet.
14. Chemicals (for laboratory reagent; medicinal; certain plating).
15. Tin oxide (for the production of certain colors, and for the production of earthenware plumbing fixtures).
16. Solders.
17. Babbitt (for bearing use only).
18. Brass and bronze (cast alloys, wrought alloys).
19. Tin plate, terneplate, terne metal.

Illustrations of products and processes which are not listed are as follows:

1. Advertising specialties.
2. Art objects.
3. Britannia metal, pewter metal, or other similar tin-bearing alloy.
4. Buckles.
5. Buttons.
6. Emblems and insignia.
7. Jewelry.
8. Novelties, souvenirs, and trophies.
9. Ornaments and ornamental fittings.
10. Toys and games.
11. Hollowware.
12. Flatware (tin-plating permitted).
13. Dyestuffs.
14. Polishing agents and putty powders.
15. Zinc galvanizing (normally used with 5 percent tin).
16. Musical instruments.
17. Tin plating of various items, e. g., stationers' supplies, wash boards, wash boilers, automotive parts.
18. Tin oxide for certain purposes, e. g., various colors, opacifiers for ceramics and porcelains, cosmetics.
19. Foil for various packaging uses, e. g., cigarettes and tobacco, cosmetics, house-number signs.

The CHAIRMAN. Are there further questions of Mr. Foster?

Mr. SMITH. I would like to ask a few questions.

The CHAIRMAN. Dr. Smith.

Mr. SMITH. I am sorry I was not here in time to hear your testimony, Mr. Foster. How long are you asking that the act be extended?

Mr. FOSTER. We are asking that it be extended to June 30, 1949, that is 16 months, actually, sir.

One of the purposes of that would be this: this extension includes controls over nitrogenous fertilizers and the fertilizer year runs from

July to June. We believe that that has a considerable advantage.

I might speak of another advantage which is pointed up by the fact that every employee who is now administering these controls has received his notice of dismissal. In running any department of the Government, the running of these agencies, after a month, 90 days, or similar short periods, always develops a personnel problem—letting those individuals know whether they have a job or not—and under the termination of the present law it was necessary for us to give a dismissal notice to every employee working under this Act. So that at this time all of our employees are in the position of having a notice of dismissal. When we get short extensions of acts, we face that situation periodically each time the act runs out, and as one charged with the administration of a number of this type of operations, I plead for a reasonable extension, if it is at all possible.

With relation to some of the commodities we are speaking of, it is possible that the supply and demand situation may have improved within that term. When that does develop, as in the case of quinine, we remove controls. We did that in the case of quinine on December 30, the supply and demand situation being reasonably in balance.

Mr. SMITH. How many people do you employ in this operation?

Mr. FOSTER. I believe in all of the controls under this activity there are, I believe, slightly less than 50 people.

Mr. SMITH. Have conditions ameliorated to any extent since the act was extended last year?

Mr. FOSTER. They have in certain fields. In the case of tin, the supply situation is slightly better. As I mentioned in the statement, we used the export priorities assistance to send some material to the Dutch East Indies, and the shipping of that production equipment has resulted in an increased rate of production there. The present demand, however, is estimated by our people to be 25 percent greater than the supply. But production is increasing.

In the case of quinine, production increased so sharply that we removed controls. In the case of quinidine the supply has considerably increased.

In the case nitrogenous fertilizers, there is an increase, but not anywhere near a balanced position as between supply and demand.

In the case of one of the controls on which we are asking for an extension, the situation is a little more difficult, that is, the export priorities assistance. With all the contemplated rehabilitation legislation, the need of that type of assistance will be substantially increased in order that we may do an effective job.

Mr. SMITH. Why do you think these matters will not take care of themselves, if left to the free market?

Mr. FOSTER. In the case of tin, for instance, if matters were left to themselves, we would upset the present international allocation procedure, where, under the Combined Tin Committee, the world supply is divided equitably amongst the various purchasers. As you know, we have no tin supply in the United States. We are dependent, therefore, entirely on tin from other nations.

At present there is no competition for those supplies, in the sense that there would be a wild scramble without reference to the price to be paid.

We believe that we are obtaining our fair share, and if we eliminate these controls, even though we continued to get a substantial part of

the world supply, it would only be by our bidding the present prices considerably higher. The supply would undoubtedly flow to uses which are not as essential as the ones for which tin is largely used under present conditions, we would have great difficulty in obtaining any tin for our stock piles, as is indicated in the letter of Chairman Hill of the National Securities Board, the low level of our stock pile of tin is critical. If we continue these controls, we can divert to that stock pile a substantial amount of tin. Those are some of the reasons for it.

Mr. SMITH. Is there any indication at all that the tin situation will really become less critical?

Mr. FOSTER. Very definitely. It depends pretty largely on a resolution of the production problem in the Dutch East Indies. That is the area from which our greatest supplies of tin previously emanated, and the upset conditions in that area, plus the devastation which took place during the war, have prevented a reestablishment of the levels of production which existed prewar. The equipment which we have sent out there has increased production substantially during the last 2 years. We are very hopeful that that production will continue to rise.

Mr. SMITH. Who has sent equipment?

Mr. FOSTER. Who has sent equipment?

Mr. SMITH. Yes, sir; who has sent equipment?

Mr. FOSTER. Private companies have sent the equipment, but by the use of export priorities assistance, we were able to obtain the equipment required and direct it to that use, and for that particular purpose.

Mr. SMITH. What do you mean by "we were able to obtain"?

Mr. FOSTER. Well, the Administration. In this case, the Department of Commerce had the right to direct it. At first it was the Civilian Production Administration, which has now been taken over by the Department of Commerce. The Civilian Production Administration, the successor to the War Production Board, exercised this export priorities assistance, and they directed the shipment of this particular dredge, it was, in this case, to the Dutch East Indies.

Mr. SMITH. You do not mean to tell us that if these restrictions were not continued, the United States would not get its share of tin, do you?

Mr. FOSTER. That is correct, sir.

Mr. SMITH. We would not get our share of tin?

Mr. FOSTER. That is correct, sir.

Mr. SMITH. We are outstandingly an export Nation, so far as our present international trade position is concerned, are we not? We are not an import nation, and we have a lot to bargain with, have we not?

Mr. FOSTER. We have a great deal to bargain with, but I do not think that that, in the present shortage condition, would guarantee that we would get all of the tin we need. There is another factor in this situation. There is only one tin smelter in the United States—that is, run by the Reconstruction Finance Corporation. A private purchaser of tin concentrates would not be assured of a regular supply of tin, and it is very doubtful whether any one company could afford to set up a tin smelter and operate it on the private enterprise basis, because he would have to be assured of a regular supply of tin con-

concentrates in order to make it profitable. There would be no such assurance without the controls we now have.

Mr. SMITH. Let us stop and think for a moment about the price we have paid for this tin—the billions and tens of billions of dollars of American goods which we have given away during the last few years, certainly have a bearing on this tin situation, have they not?

Mr. FOSTER. Of course, in multilateral trade, you have to get goods back for what you ship out, and it is because of the fact that we are the exporting Nation we are that we are able to obtain the imports of the things necessary to our own economy. However, I do not think that there is any guarantee that under the normal operations at present we would be able to obtain sufficient tin to take care of food preservation, to take care of many of the other urgent and critical uses for which we need the tin. The price weapon which would be used in the absence of controls, in view of the shortage of supply, would undoubtedly result in a tremendous increase in the price of tin in this country. If it did, there would be bidding and scrambling for this absolutely essential material, and in our opinion, therefore, the extension of this type of control is essential to keep the tin price and the tin supply in its proper channels.

Mr. SMITH. Is it not precisely that sort of dickering and bargaining and bidding which has made the production possible at all?

Mr. FOSTER. Yes, it is, of course. But you must remember one other thing: That the sources of tin supply are not entirely in the hands of private industry as suppliers. These are very largely in the hands of other Government sources at the moment, and the normal barter operations to which you refer, while eventually they would get us sufficient tin, the period of waiting for that eventuality might be rather painful in the food situation and in our national security situation.

Mr. SMITH. Your idea is, then, that we would have to meet state trading with state trading; is that it?

Mr. FOSTER. No, as a matter of fact, state trading is only a very small part of this. The distribution and use of this material is in the hands of private industry, with only the end use restricted by Government action, to the more essential uses. We do purchase this material, it is quite true, through Government agencies, but that is because of the necessity for this even flow of supplies to the smelter of which I spoke. It is not easy to regulate that flow. In one quarter last year we were successful in obtaining only 500 tons of tin, as I recall, in another quarter we obtained something over 11,500 tons. We must have the control in one place so as to level out the operations of that smelter and make it reasonably available to the private users of whom I spoke.

Mr. SMITH. In my practice of medicine I used to think that the morphine habit was about as bad a habit one could form. But, you know, the more I am around Washington the more I conclude that this habit of extending controls, regulations, trying to determine people's needs, and so forth, is still worse.

Mr. FOSTER. I might say, Congressman, that in the case of this particular morphine habit, we are gradually throwing it off, because every time one of these items came within reasonable balance, we have dropped it from controls. Steadily, within the last 2 years, we have proceeded on that basis, and I can assure you there is no desire on the

part of the Department of Commerce to continue controls for one day longer than necessary.

Mr. SMITH. Well, that is certainly an exception to the rule, if that is true.

Mr. FOSTER. I can only point to the record of our dropping of controls. In fact, we have been criticized by many people for having dropped them too soon. I might say that our desire is to drop them at the earliest possible moment, and perhaps we have made errors on the side of eliminating these controls too soon, I might add, encouraged strongly by the Congress in the way of appropriations it has granted to us for the purpose of carrying out these controls.

The CHAIRMAN. Mr. Foster, I have been told that if this act is extended, that you have a tin conservation order which you expect to put into effect on March 1.

Mr. FOSTER. Yes, sir; we felt that it was only fair that we advise the industry and the Congress of the action which we proposed to take if this act were to be extended. Therefore, on January 30, I believe it was, we issued a formal order, to become effective on February 29, outlining the type of restrictions which would go on, as of March 1, That order will limit the use of tin to about the levels of 1947 in most industries.

The CHAIRMAN. Do you expect to put that order into effect on March 1 if the act is continued for 31 days, as is contemplated?

Mr. FOSTER. That would raise a very difficult question. The order is designed to assure a certain rate of consumption for the 12 months of 1948. If we only have a one-month extension, the problems in connection with that order are substantial. I cannot tell you today, sir, whether we would extend it for another month or not. The probability is that we would try it. It would make for a very difficult bookkeeping situation, however, and if it is at all possible, I am very hopeful that the Congress will extend the act for a longer period.

The CHAIRMAN. I think we are up against this practical situation now: We cannot do the kind of job on this that we think we would have to do before Saturday of this week. So we are met with this practical situation of the necessity for continuing the legislation for 31 days, in order that we may, through continued hearings, get a better understanding of the problem. So I think we can go under the assumption that the act will be extended for 30 days. Then we will decide, as a result of these hearings, whether it should be continued beyond that date.

Do you think that under those circumstances, you might try to put this order in effect? If you have not made up your mind, I do not want to press you for an answer, but I think perhaps it is something to which you should give some thought, if you have not already given it some thought.

Mr. FOSTER. Well, we have been hopeful that you would extend the act for a longer period. It raises the other problem, too, Mr. Chairman, that we will have to go through the same procedure of firing every man in the Department, and each time you do that we lose some people. Under these short-term extensions, conditions are very difficult, and they do interfere with the efficient administration of the activity.

Now, as to the extension for 30 days of the tin order specifically, I suspect that we would do it, but I know that the conservation of tin that we effect by that order will not be as great as would otherwise be effected.

At the present time there is no additional restriction on the use of tin, and I can assure you that every producer of these products is working 24 hours a day, 7 days a week, to use up all the tin he possibly can. So the longer we put off the effective date, and the less assurance there is of this kind of control, the worse, in my personal opinion, is the food-preservation situation and the stock-pile situation.

The CHAIRMAN. What, if anything, is being done to stimulate the production of tin outside of our Texas City industry? I do not mean necessarily domestically, but throughout the world?

Mr. FOSTER. There is, of course, the normal stimulation which comes from an assured market. Tin has been one of the great products of the Dutch East Indies, of Malaya, and Bolivia, and with this substantial market, there is an active effort on the part of all of those nations to produce more tin. Specifically, I do not know that we, as a government, are doing anything. I am not sure that we have the right to do other than encourage the increase in production, and I cannot answer specifically. Perhaps one of our tin experts can.

I would like to have Mr. Vogelsang answer that.

The CHAIRMAN. Well, we will ask him when he come on. Are there any further questions?

Mr. SPENCE. How much tin is being produced in the United States?

Mr. FOSTER. There is none produced at the moment. In the thirties I believe there was one source which produced between a hundred tons and three hundred tons a year. And that is no longer in production. I do not know where that was, frankly, but checking through the records, I find that there was that much tin. There was some reclaiming of tin in the United States. That amounts to a rather substantial figure.

Mr. KUNKEL. Is there much objection on the part of anyone, Mr. Foster, to the extension of these controls?

Mr. FOSTER. I think it is fair to say that there is little objection on the part of industry to the method which we have suggested to restrict the use of tin. No one likes to be held down, but all of these people recognize that with this imbalance there is a necessity for the conservation of tin. Recognizing that necessity, they feel that this order, as set up, is about as fair as you can devise—I might say that we devised it after long consultation with industry. In the case of other materials, also, under this same order, there is practically no objection.

Mr. KUNKEL. I have heard no objection with respect to most of these commodities. It occurred to me that if there was no serious objection, the fair assumption would be that the act would be extended.

Mr. FOSTER. I was hopeful of that same thing, and I was also hopeful that these hearings would bring out whether there was any substantial amount of resistance. If there were not, in view of the difficulties that a brief extension would create, I am very hopeful that we might get a longer one.

Mr. KUNKEL. Well, I do not think it would be safe, as Mr. Wolcott pointed out, to attempt to put a long range bill through by the 29th of this month. We would be taking a gamble in extending it with-

out a thorough investigation, or in failing to enact an interim extension of 30 days to provide time for a careful study.

Mr. BROWN. I want to call your attention to the shortage of fertilizer materials, Mr. Foster. Do we still export fertilizer materials?

Mr. FOSTER. Yes, sir; we do.

Mr. BROWN. Are they under control?

Mr. FOSTER. Yes, sir.

Mr. BROWN. Why are we doing that? Why are we doing that when we are short in this country?

Mr. FOSTER. One of the reasons is that it is stated—and I am no expert on fertilizers, I must admit—it is stated that the export of fertilizer results in the production of much more food abroad than the use of the same fertilizer would in this country. Facing the need of helping to supply food to many of these other countries, it seems to be a good investment to ship some fertilizer out of this country in lieu of a greater amount of food.

We also ship fertilizer, from the Army plants, to the occupied nations—Germany and Japan. The United States depends on imports of fertilizer material, and by exporting some, we perhaps, on balance, are the gainers. I think we export about 61,000 tons, outside of these Army plants, and we import about 188,000 tons. If we were to cut out completely the export, it is conceivable that we might actually lose—

Mr. BROWN. Do you have any basis for thinking that we would lose the imports if we cut out the exports?

Mr. FOSTER. It is entirely possible, and I think perhaps a more important point is the point that the same amount of fertilizer abroad will result in a greater increase in food production there than it would in our own country.

Mr. KUNKEL. Mr. Foster, what is the basis for having no export controls over goods moving to Canada? Is that by treaty?

Mr. FOSTER. No, sir; that was a policy established during the war, under the so-called Hyde Park agreement—which agreement was set up in view of the close economic and political ties with Canada.

Mr. GAMBLE. You say the Hyde Park agreements, Mr. Foster?

Mr. FOSTER. Yes; the so-called Hyde Park agreements. Mr. Tyler Wood, I believe, is going to testify later in these hearings—Mr. Tyler Wood from the State Department—and that was a confidential document, for a long time, but has now been made public. In effect, it recognized the close ties that we do have with Canada, and recognized the fact in any imposition of controls by us on exports to Canada would have very serious effects on the Canadian economy. They are restricting voluntarily many of the short items which they now take.

For instance, in the petroleum field, they have reduced, recently, their petroleum imports to 25 percent of the rate which they were taking in the last quarter of last year, in view of our own shortage, and Canada has always worked very closely with us when we pointed out to them difficulties we were having here. In such cases, they, with voluntary agreements, have met our requests in almost every instance.

Mr. KUNKEL. Mr. Foster, I was reading in a newspaper a day or so ago about the new cut made in the exports of petroleum. In reading the article, I gathered that most of those cuts have been made after consultation and agreement with the countries to which that petroleum was previously exported. Is that correct?

Mr. FOSTER. Yes, sir; that is correct, and after negotiation by our embassies in those countries, with the particular countries involved.

Mr. KUNKEL. So that actually what you are doing in Canada, without export controls, is substantially the same as you are doing with respect to these other countries with export controls?

Mr. FOSTER. I think that is a fair statement; yes.

Mr. KUNKEL. In both cases by negotiation?

Mr. FOSTER. Yes. The only difference is that in the case of the other countries, through export controls, we initially set very low quotas. In the case of Canada we let the natural flow take place up to the point where there in as obvious imbalance developed.

Mr. KUNKEL. For how long does this Hyde Park agreement run? Indefinitely?

Mr. FOSTER. I think that was an indefinite arrangement, established, I think, during 1944. I think our solicitor might be able to give you the details if you would be interested, and I think we probably could present a copy of the agreement for the record.

Mr. KUNKEL. I would just like to have a statement on our obligations under that agreement, and the time it may run and how it can be amended or ended.

Mr. FOSTER. We will provide it for the record.

(The Hyde Park agreement is as follows:)

DECLARATION BY THE PRIME MINISTER OF CANADA AND THE PRESIDENT OF THE UNITED STATES OF AMERICA REGARDING COOPERATION FOR WAR PRODUCTION MADE ON APRIL 20, 1941¹

Among other important matters, the President and the Prime Minister discussed measures by which the most prompt and effective utilization might be made of the productive facilities of North America for the purposes both of local and hemisphere defence and of the assistance which in addition to their own programs both Canada and the United States are rendering to Great Britain and the other democracies.

It was agreed as a general principle that in mobilizing the resources of this continent each country should provide the other with the defence articles which it is best able to produce, and, above all, produce quickly, and that production programs should be coordinated to this end.

While Canada has expanded its productive capacity manifold since the beginning of the war, there are still numerous defence articles which it must obtain in the United States, and purchases of this character by Canada will be even greater in the coming year than in the past. On the other hand, there is existing and potential capacity in Canada for the speedy production of certain kinds of munitions, strategic materials, aluminum, and ships, which are urgently required by the United States for its own purposes.

While exact estimates cannot yet be made, it is hoped that during the next 12 months Canada can supply the United States with between \$200,000,000 and \$300,000,000 worth of such defence articles. This sum is a small fraction of the total defence program of the United States, but many of the articles to be provided are of vital importance. In addition, it is of great importance to the economic and financial relations between the two countries that payment by the United States for these supplies will materially assist Canada in meeting part of the cost of Canadian defence purchases in the United States.

Insofar as Canada's defense purchases in the United States consist of component parts to be used in equipment and munitions which Canada is producing for Great Britain, it was also agreed that Great Britain will obtain these parts under the Lease-Lend Act and forward them to Canada for inclusion in the finished articles.

The technical and financial details will be worked out as soon as possible in accordance with the general principles which have been agreed upon between the President and the Prime Minister.

¹ At the conclusion of conversations held at Hyde Park, in the State of New York, U. S. A.

OTTAWA, May 7, 1945.

(No. 320)

The Right Honorable the ACTING SECRETARY OF STATE FOR EXTERNAL AFFAIRS,
Ottawa.

SIR: Under the Hyde Park declaration of April 20, 1941, measures were taken to make the most prompt and effective utilization of the productive facilities of the United States and Canada for wartime purposes. As the period of reconversion approaches, the Government of the United States has given consideration to the continuance of cooperative measures. It believes that these measures apply as a matter of course to the Pacific War and it has noted that the declaration itself contains no termination date, specific or implied. Accordingly, under the instructions of my Government, I have the honor to propose that the general principles of the Hyde Park declaration be continued on a fully reciprocal basis for the remainder of the war and that the same spirit of cooperation between the two countries should characterize their treatment of reconversion and other problems of mutual concern as the transition to peacetime economy progresses.

Consequent upon the degree of integration resulting from our wartime measures of cooperation in the economic field, numerous specific problems will arise from time to time. One such problem to which urgent attention is being given is the reconversion of industry to the maximum extent compatible with vigorous prosecution of the war against Japan. The problem is particularly urgent from the viewpoint of the United States because the Hyde Park declaration was implemented in large part by the equal application to Canada of domestic procedures in respect of priorities and allocations.

It is evident that during this initial phase of reconversion, priorities administered by the respective control agencies of the two governments are of the utmost importance to industries seeking to prepare for normal trading conditions. In response to informal inquiries received from Canadian officials in Washington and on condition of reciprocity, particularly where Canada is a principal supplier of materials needed for reconversion and civilian production, the Government of the United States would be prepared to implement the following principles as regards requirements which Canadian industry may desire to fulfil in this country for reconversion purposes:

1. The application of the priorities powers toward Canadian requirements should be as closely parallel to the application of the same powers toward domestic requirements as is practicable.

2. Canada should, in general, be given priorities assistance only of a character and to an extent parallel to priorities assistance given similar requirements in the United States, including any machinery needed for immediate reconversion. To the extent, however, that components could be obtained by Canada without benefit of priorities assistance, no objection could be made to more rapid reconversion activities in Canada.

3. Assistance should be given to Canadian companies through their priorities officer to grant automatic AA-4 priorities and firm CMP allotments to manufacturing concerns producing less than \$50,000 of product per quarter, similar to such assistance granted domestic small firms. Similarly, the rating privileges of Price Regulations 24 and L-41, as they may be amended, should be available to Canadian applicants.

4. It is recognized that complete parallelism of revocation and relaxation of orders between the United States and Canada is not possible because of the differences in the situations in the two nations. However, an effort should be made, in conjunction with the Canadian authorities, to reach the greatest parallelism possible. If it should become necessary for Canada to relax their orders more rapidly than the United States, in no case should priorities assistance be given to a Canadian manufacturer to make civilian goods which are prohibited in this country by War Production Board order.

While the problem of reconversion of industry is the first of the problems which my Government believes it mutually desirable to consider the principles of the Hyde Park declaration, other problems will shortly arise. The Canadian Ambassador's note, No. 156, of April 30 to the Secretary of State regarding the disposal of surplus war-like stores arising from orders placed by either government in the other country may, when the dimensions of the subject become more clearly defined, provide an instance in which my Government will seek the favorable consideration of your government under the Hyde Park principles. Other questions will inevitably arise in connection with the relaxation of wartime con-

trols affecting trade, such as the war exchange tax and procedures applicable to exports to the other American republics.

In his statement on the initial period of reconstruction presented to Parliament by the Minister of Reconstruction last month, the Minister referred to the great wartime increase in the output and exchange of goods which was dependent on close collaboration among the Governments of the British Commonwealth and of the United States. He stated that postwar collaboration along equally bold and imaginative lines was essential in the interest of expanded world trade. At Washington on March 13, 1945, a similar statement was made by Prime Minister King and by the late President Roosevelt in regard to the problems of international economic and trading policy.

In view of the high degree of economic interdependence of the Canadian and American economies, the Government of the United States desires to assure the Government of Canada that it will consider and deal with the problems of the transition from war to peace in the spirit of the Hyde Park declaration which gave rise to such successful cooperation for war purposes. My Government would greatly appreciate a similar assurance on the part of the Canadian Government, together with an expression of its views on the principles which the United States Government would be willing to apply to the initial problem of the reconversion of industry.

Accept, Sir, the renewed assurances of my highest consideration.

RAY ATHERTON.

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA,
Ottawa, May 15, 1945.

(No. 48)

His Excellency the Honourable RAY ATHERTON,
Ambassador of the United States of America,
United States Embassy, Ottawa.

EXCELLENCY: The Government of Canada welcomes the assurance of the Government of the United States, contained in your note No. 320 of May 7 that it will consider and deal with the problems of the transition from war to peace in the spirit of the Hyde Park Declaration which gave rise to such successful cooperation for war purposes.

The Canadian Government agrees that postwar collaboration along bold and imaginative lines is essential in the interests of expanded world trade.

The Government of Canada on its part desires to assure the Government of the United States that the same spirit of cooperation, which was manifested in the Hyde Park Declaration, will characterize the Canadian Government's consideration and treatment of the problems of the period of transition which are of mutual concern.

The principles which the Government of the United States would be willing to apply on condition of reciprocity in the initial problem of the reconversion of industry are acceptable to the Canadian Government. The Canadian Government believes indeed that the principles proposed will minimize for both Governments the difficulties of reconversion.

The Canadian Government assumes that "the condition of reciprocity" implies a continued adherence to the principle of reciprocity followed throughout the war when both Governments have made allowance for the difference in the conditions existing and in the methods of control adopted in the two countries.

Accept, Excellency, the renewed assurances of my highest consideration.

BROOKE CLAXTON,
Acting Secretary of State for External Affairs.

Mr. BROWN. I understand that most of our fertilizer material comes from Canada and Chile.

Mr. FOSTER. A good deal of it; yes.

Mr. BROWN. Well, then, I do not understand that curtailing of our exports would eliminate our imports from these countries, because they want the United States dollar.

Mr. FOSTER. Well, that is true, and we would continue to acquire a certain amount of it, that is true. This allocation of fertilizer, of

course, is another one of those international agreements, and is a subsidiary part of the International Emergency Food Council, which allocates foods and fertilizer throughout the world. Were we to drop this situation, we probably would be unable to carry out our commitments to that group, and that group conceivably might go to Chile and request more fertilizer and offer more money, even though it was not dollars.

While we are charged with the export control over this item, we are not experts in the details of it. The Under-Secretary of Agriculture was here this morning. I understand he is to testify later in the week. And as to the flow to different countries, I would prefer that you ask him, because I am not a fertilizer expert.

Mr. BROWN. Very well.

Mr. GAMBLE. It is just another one of those evidences of the silly practices we engaged in in Germany of tearing down nitrate plants and then shipping fertilizer from this country. It just does not make sense and never has and never will, but that is not chargeable to you, Mr. Foster?

Mr. FOSTER. No, sir; it is not.

Mr. GAMBLE. That is an aside.

Mr. MONRONEY. About what percentage of nitrogenous fertilizers are being exported at the present time?

Mr. FOSTER. I think it is between 15 and 20 percent. I am told I am a little high. It is 9 percent.

Mr. MONRONEY. And that which we export is mixed with the European production of potash and other fertilizers; is that correct?

Mr. FOSTER. Yes, sir.

Mr. MONRONEY. So if we deny them this nitrogenous fertilizer, we would stymie practically the whole fertilizer program for Europe?

Mr. FOSTER. It would have a very serious effect on the rebuilding of food production in Europe, because they would not have the means of rounding out the total supply. They could have the other types of fertilizer, but they could not obtain the nitrogenous fertilizer.

Mr. TALLE. They used to get a good supply from the Ruhr, did they not?

Mr. FOSTER. Yes, and, of course, livestock has been substantially reduced so that there is not as much available from that source as there was prewar.

Mr. SMITH. Mr. Foster, you said a moment ago that if we did not do so and so, other countries might outbid us, and get the nitrates from Chile. Just what do you mean by that? What country in the world could outbid us?

Mr. FOSTER. Well, we have been outbid in certain things by Argentina. When a country becomes desperate enough for certain particular kinds of goods, it may concentrate all of its resources on those goods, and even an almost bankrupt nation can, conceivably outbid us for those things which it desperately needs. And we buy so many things that the outbidding on one particular segment of that sort could result in our own prices, our own bids, being substantially raised. Even though we are the richest and strongest nation of the world, it is perfectly possible for us to be outbid on particular quantities of particular goods. I have no doubt that such things as fertilizer might well fall in that category.

Mr. MONRONEY. And it would tend to increase the domestic price, would it not?

Mr. FOSTER. It would contribute very substantially to inflation at home. Any of these desperate bids for world goods have a direct effect on our own price level.

Mr. SMITH. You mentioned Argentina. Can you mention any other country?

Mr. FOSTER. I think any country, on a particular item, could well outbid us. If England were desperate for fertilizer, she might well, in the absence of international controls, go into the market on that particular commodity and outbid us. Russia could well do it.

Mr. SMITH. And somebody says with our own money. Suppose we did not give her the money with which to outbid us, then what? Have we not been furnishing the Argentine with a lot of money—gratis?

Mr. FOSTER. I doubt it. All of these transactions are part of the international trade pattern. We have furnished money to Great Britain. We have furnished, however, a very small proportion of their total resources. I think it is not fair to state that all of the money with which they would outbid us, in any of these nations, is money which we have supplied. That is not so.

Mr. SMITH. I am just wondering whether private individuals could not make a better bargain with these foreign politicians than our own politicians are making. That is the only question in my mind. Even taking into consideration what you are saying about the possibility of one or two other countries driving these bids up.

Mr. FOSTER. That is a nice point to debate, sir. I do not know. I think that many of our so-called politicians here are the same people in another hat as those who do business in our own free markets.

Mr. SMITH. I beg your pardon?

Mr. FOSTER. Many of the people whom you state in private business could do a much better job than our politicians—I think you are referring to our so-called bureaucrats—many of those people, those bureaucrats, have other hats, you know, and came from business. Because they have gone on the Government pay roll does not mean they have lost all their ability to do business.

Mr. SMITH. You say they came from business?

Mr. FOSTER. Why, that is right.

Mr. SMITH. I agree with you. They must have come from business, or they would not be here.

The CHAIRMAN. Are there further questions?

Mr. MONRONEY. I would like to ask one more question.

The CHAIRMAN. Mr. Monroney.

Mr. MONRONEY. The main feature of the extension of the War Powers Act involved here is in so far as it affects tin, is it not, Mr. Foster?

Mr. FOSTER. It is a very important part of it. Well, there are two items in which speed is of the essence. One is tin and the other is the situation with respect to nitrogenous fertilizer. We have commitments for the next 4 months to supply nitrogenous fertilizer. If this should fall, it is probable that we would not be able to meet those commitments.

As far as tin is concerned, I think I have explained the dangers there. We are faced with the necessity of conserving tin immediately and continuously, and, without the extension of this act, the use of

tin for less essential needs will immediately increase and there will be a scramble, price-wise, for what tin is available, with again a direct effect on our own domestic price levels.

Mr. MONRONEY. One advantage of the procedure which you are using is that for months you have been negotiating with the tin-using industry, so that they are already on notice and largely signed up on the basis of this tin conservation program. Rather than asking for a law, with the industry not knowing what is going to happen to them, is that not true?

Mr. FOSTER. That is correct. We started negotiating last summer with these largest users of tin, as to the best way which they could suggest for limiting the use of tin. After a long series of negotiations, the plan that evolved was basically their own suggestion as to the best method. So that the order which we have prepared, the amendment to the order, which we have prepared, has been worked out by industry along with us to attain the ends which we pretty generally agreed were desirable. It would be no surprise to industry, because they have been down for numerous industry meetings, at which time all of the representatives of all of the users of tin had an opportunity to make their needs and suggestions clear. I think we have pretty largely accepted most of those suggestions.

Mr. MONRONEY. If, in the short period of time, we would have the time to not only pass the emergency 30-day extension, but if one house could pass the longer-range extension, that would relieve your department of having to put the personnel in charge of this program on notice of dismissal, would it not?

Mr. FOSTER. I think it would, sir, but I am not positive. I think that we could at least make it a mere formality, as far as the notice is concerned. At the moment, we have had to make it a formal notice.

Mr. MONRONEY. Which would make your operation much easier and help to eliminate the danger of losing some of your more experienced personnel?

Mr. FOSTER. It would very substantially aid in that respect, and I would hope that we could at least get that far.

Mr. KUNKEL. Mr. Foster—

The CHAIRMAN. I had hoped we could finish, but I see we cannot. We have two bills on the floor and they are waiting for us. Mr. Foster will be back to discuss this situation.

Can you be back tomorrow morning, Mr. Foster?

Mr. FOSTER. I have another hearing at 10 o'clock tomorrow morning, Mr. Chairman.

The CHAIRMAN. Can Mr. McCoy be here?

Mr. FOSTER. Yes; Mr. McCoy can, and I will come back as soon as I am free.

The CHAIRMAN. Thank you.

The committee will stand in recess until tomorrow morning at 10 o'clock.

(Whereupon, at 11 a. m. the committee adjourned to reconvene at 10 a. m., February 25, 1948.)

EXTENSION OF THE SECOND DECONTROL ACT

WEDNESDAY, FEBRUARY 25, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee reconvened pursuant to adjournment at 10 o'clock a. m., the Honorable Jesse P. Wolcott, chairman, presiding.

Present: MESSRS. Wolcott, Gamble, Junkel, Talle, Sundstrom, Kilburn, Buffett, Cole, Spence, Brown, Patman, Monroney, Folger, Riley, Buchanan, and Multer.

The CHAIRMAN. The committee will come to order.

Mr. Wood is here this morning from the office of the Secretary of State. I believe you would prefer to go on first with your statement, Mr. Wood.

STATEMENT OF C. TYLER WOOD, DEPUTY TO THE SECRETARY OF STATE ON ECONOMIC AFFAIRS

Mr. Wood. Mr. Chairman, I prepared no statement. I gathered the committee was particularly interested in any foreign policy aspects of the question before you, and that perhaps I might save time by just answering the questions which are uppermost in the minds of the members of the committee.

As I see the problem, what we are considering falls really into two main categories. First, the question of the necessity or desirability, from the standpoint of foreign policy, of having, on the one hand, certain import controls, and, on the other hand, certain limited powers to control or make possible the export of items that are in short supply. The whole problem deals with items in short supply which are essential both in this country and in the world, and their orderly distribution.

I will be very glad to comment on any aspect of the matter dealing with our foreign relations and our foreign policy which is particularly of interest to the members of the Committee.

Perhaps I might go on to state very briefly the great importance, in our view, of the orderly procedures of international allocation for some of these items, which have been developed during and since the war. I think that in a world shortage situation of items that are vitally needed for the continuation of health and life in the world, the orderly international allocation, by agreement, of certain raw materials which would be very badly distributed in relation to needs if there were not such arrangements for an orderly distribution according to need, would have caused even vaster dislocations and sufferings in the world, with the consequent political difficulties which always follow such developments than we have had. It is that phase in which we are particularly interested from the standpoint of our foreign policy.

The CHAIRMAN. What effect would ensue if we did not continue controls on fats and oils?

Mr. WOOD. Well, it seems to me that the effect in general would be that which I have just mentioned, a rather serious maldistribution in many areas of the world, with inadequate supplies to maintain health and life, in certain areas, if we did not have the pooling of resources of these short supply items and distribution with reference to basic essential needs.

The CHAIRMAN. You work with the International Emergency Food Council?

Mr. WOOD. Yes. Of course, the Department of Agriculture is the main representative of the United States Government on the International Emergency Food Council. We, in the State Department, work hand in hand with the Department of Agriculture in that whole activity.

The CHAIRMAN. Do they function with respect to fats and oils?

Mr. WOOD. Yes. Their main function, of course, is with relation to grains, but they also do cover fats and oil and fertilizers.

The CHAIRMAN. Are there questions of Mr. Wood by any member of the committee?

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. I understand you have quotas for the members of the organization to which you referred a moment ago: The International Emergency Food Council.

Mr. WOOD. Yes, sir. Actually, what I think you have in mind is how those quotas are determined?

Mr. TALLE. Yes; that is what I want to know.

Mr. WOOD. What happens is that the various importing nations set forth their requirements from the various exporting nations; the various exporting nations, after considering their own requirements, set forth what they feel they can make available for export. The two are brought together, and then there is a free and open discussion among the members of the food council, each examining the stated requirements and export availabilities of the other, and the final determination is reached by agreement. I think it is not known to all, but it is a very interesting fact that this International Emergency Food Council has no authority to compel, for example, the United States to export any given quantity of grain or fats, oils, or anything of that sort. These allocations or quotas are finally set by agreement as between the various exporting and importing countries. There is no power of compulsion. There is of course the inherent power of compulsion of what seems reasonable, but we are not obliged by the order of any international body, against our own interests or our own decisions, to abide by what they lay down. There is nothing in the form of an order.

Mr. TALLE. You might call them goals rather than quotas, then?

Mr. WOOD. I think so, though, in general, the level of knowledge and ability on these matters is so good, and, on the whole, the good will and fairmindedness has been such an influence that in general the goals set are set at such a reasonable level that they do become, in effect, by the living up to them, quotas.

Mr. TALLE. In other words, it would not be considered good conduct to depart from them?

Mr. WOOD. Yes; I thing that is true. On the other hand, it is not essential—it does not have the force of an order upon us.

Mr. TALLE. I understand.

Mr. WOOD. In our case, for example, with relation to grain, the quotas or allocations are in amounts that our own people in the Department of Agriculture have agreed upon as reasonable and practicable, and, therefore, unless—which is not often the case—their estimates have been wrong, they are able to live up to the final allocations which come out of this process of discussion.

Mr. TALLE. Did you have certain standards in mind when these quotas, if we may call them quotas, were set up? Standards based on experience? Or do the quotas represent the present desires of the member nations rather than the results of experience?

Mr. WOOD. I assure you they do not represent the present desires, by any means. They represent the present desires adjusted or boiled down in the light of availability. The standards are many. They are past consumption, past exports, and they are also a result of detailed and accurate knowledge of stocks available from indigenous production in the various countries, imports all over the world, how urgent the necessity is for supplies involved in the rationing system, and so forth. Most of these importing countries do have rather strict rationing systems. The allocations are based on a great deal of detailed knowledge and experience concerning the requirements of each of the importing countries.

Mr. TALLE. Was any article of the Atlantic Charter taken into account when those standards were set up?

Mr. WOOD. I do not believe so, except by inference. The thought is that, to the extent to which it is feasible to achieve freedom from want—freedom from want to the extent that people do not literally starve—I am quite sure that that has been, in general, the background of thinking; but I do not think the supply situation has been such that there has been any thought that complete freedom from want could exist in the world with respect to some of the scarce essential foods during the past several years.

Mr. TALLE. Freedom from want is a relative term or phrase.

Mr. WOOD. It is an elastic term.

Mr. TALLE. What I am wondering about is whether the member nations in your organization had in mind “equal access to raw materials and equal access to markets,” two objectives noted in the Atlantic Charter.

Mr. WOOD. I suppose that has been in the background of the thinking too. I think the issue of grain and fats and oils, and some of these other items, has been so vital that it has been rather a distribution of a serious shortage rather than a distribution of any adequate amount of supplies. I have seen it in the last 2 years very intimately. The emphasis has been on how the available supplies can be increased and so distributed that there is no real famine in some places. There has been a great deal of chopping, changing, diversion of boats occasionally, here and there, especially during the period of the year just before the harvest comes in, just to keep certain minimum quantities of supplies so that the distribution systems and the rationing systems do not completely break down.

I think we all have seen, from time to time, the problems which have arisen in Germany, for example, in connection with the fact that there was no more bread for distribution for a day or so, in certain areas. That situation has been fairly widespread during the past year, from time to time. So far it has always been possible to meet it in its bare essentials, but it has taken some real effort and some real expert knowledge of the situation in the various countries to avoid real break-down at times in the distribution of grains.

Mr. TALLE. What was the situation before the war, with reference to tin and tin products? I do not recall that there was any international disturbance with respect to those commodities.

Mr. WOOD. No; I do not believe there was, sir. The shortage has developed during and since the war—the shortage requiring the taking of steps to bring about, to the best extent possible, a reasonable distribution of tin and tin products.

Mr. TALLE. Is it not true that fertilizer has, in the past, been a very important byproduct of the great industries in the Ruhr?

Mr. WOOD. Yes; that is true, and there has been a very large capacity for production of nitrogen in the Ruhr. There still is a considerable capacity there. The problem heretofore, so far as the production of nitrogen in the Ruhr is concerned, has been very largely the shortage of coal. Nitrogen production requires a great deal of coal, as you know, the production of the Ruhr mines has been at a very low level compared with prewar production, and not enough to take care of the essential items of transportation, industry, house heating, and so on.

In the past 6 months there has been a very significant increase in the production of coal in that area, as well as in Britain, and the problem seems to be easing or on the way to being eased to some extent, and we hope it will be eased considerably further through the European recovery program, if the Congress approves it.

Mr. TALLE. What effect has the dismantling of plants in Germany had on the production of fertilizer?

Mr. WOOD. So far as I know, sir, none. I have been told by the War Department—you may want to confirm this—that there has been no dismantling whatever of fertilizer plants in Germany.

Mr. TALLE. That is all, Mr. Chairman.

The CHAIRMAN. Are there further questions of Mr. Wood?

If not, thank you very much, Mr. Wood. If you have any supplemental statement, we will be very happy to have it for the record.

Mr. WOOD. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. McCoy.

STATEMENT OF H. B. MCCOY, DIRECTOR, OFFICE OF MATERIALS DISTRIBUTION, DEPARTMENT OF COMMERCE

Mr. MCCOY. Mr. Chairman, my name is H. B. McCoy. I am director of the Office of Materials Distribution of the Department of Commerce.

The CHAIRMAN. Do you have a statement?

Mr. MCCOY. Yes, sir.

The CHAIRMAN. If you wish to read that without interruption, that will be agreeable. At the conclusion of your statement, the committee will probably want to ask you some questions.

Mr. McCoy. Thank you.

The agency which I head administers the Second Decontrol Act powers over tin and tin products, antimony, cinchona bark and quinine, nitrogenous fertilizer materials, and materials for certain highly important exports. As Under Secretary Foster has explained, these powers, and the need for their extension, are related to national security and to war-created conditions, including the world-wide food shortage. For the committee's consideration, I am now prepared to supply detailed information on the various materials involved. Some of this information is a consolidation of the contents of the Secretary's Quarterly Reports to the Congress, under the act, that is Public Law 188.

I shall take up these materials in the order in which they are listed under section 3 of the act. The first item is the "tin and tin products" group.

The Second Decontrol Act provides general allocation and priority powers for "tin and tin products, except for the purpose of exercising import control of tin ores and tin concentrates."

My agency exercises these powers through several regulations. Under Conservation Order M-43, we restrict the purposes for which tin and certain tin products may be used. We also limit the amounts of tin which may be acquired and used for those purposes and, in addition, set up economical use specifications. Under Conservation Order M-81, we supplement the general tin restrictions by additional controls on the production and use of tin cans. In addition to the two sets of controls mentioned above, we also conduct a tinplate export program, related chiefly to food conservation abroad. I shall discuss this program separately.

Because the supply of tin is limited, we cannot provide tin for all uses, nor can we give even the permitted uses the full amounts they require. Consequently, in distributing the supply, we have had to make a number of difficult determinations based upon best available information. These determinations depend upon a number of factors, including the availability of substitutes and, in cases such as food, the essentiality of the use. I shall come back to this subject after a discussion of the supply situation.

World production of tin is still under prewar levels. As a result, the quantities we get are inadequate to meet our needs. For 1948, the estimated supply is about 25 percent under total industrial requirements. This deficiency would be further increased if strategic stockpile acquisitions are made. Some provision for such acquisitions has recently been made, to go into effect as soon as the present authority is extended.

The United States depends upon foreign sources for its primary supply of tin. The major tin-producing area, the Far East, has not yet recovered from the devastation and disruption caused by the war and its aftermath. Shipments from the Far East have been gradually increasing, but these gains have been partially offset by production declines in other areas, such as Bolivia and the Belgian Congo. On balance, although the world supply requirements position is steadily improving, there is little prospect that Far Eastern output will have revived sufficiently before the middle of 1949 to warrant the relaxation of controls in the United States over the import, distribution, and use of tin.

Before the war, the United States consumed nearly half of the world's tin output. With world supplies still far below prewar, and world demand far greater than prewar, cooperative international allocations are desirable in order to assure a fair distribution of the limited tin metal available. For this purpose, the United States participates in an advisory intergovernmental body, the Combined Tin Committee, which allocates the exportable surpluses of the participating producing countries. Through this mechanism we are assured of receiving a fair share of available supplies. The quantities for this country are bought through the Reconstruction Finance Corporation.

The world production of tin for 1948 is estimated at 150,000–160,000 long tons. This estimate is based upon study of available records of current world production, including those of the international Combined Tin Committee. We believe that the tin allocations to the United States for 1948 will permit the meeting of about 75 percent of our total domestic requirements for primary tin.

We have prepared a table (No. 1) setting out statistics on United States supplies and consumption of primary and secondary tin, which I would like to submit for the record.

The CHAIRMAN. Without objection that may be inserted in the record.

(Table No. 1 is as follows:)

TABLE 1.—*Tin and tin products, United States supplies, consumption, and stocks, 1947 and 1948*

[Long tons of tin content]

	1947 ¹	1948 ²
SUPPLIES		
Imports of concentrate.....	28, 700	32, 000
Imports of pig tin.....	29, 700	35, 000
Domestic secondary pig tin.....	3, 200	3, 000
Domestic secondary alloys.....	22, 900	21, 000
Total.....	84, 500	91, 000
CONSUMPTION AND EXPORTS		
Domestic consumption.....	87, 400	³ 90, 500
Exports.....	500	500
Total.....	87, 900	91, 000
STOCKS (END OF YEAR) ³		
Government: ⁴		
Concentrate.....	17, 500	15, 800
Pig ²	20, 000	20, 000
Industrial:		
Pig.....	14, 500	14, 500
Other.....	9, 350	9, 350
Total.....	61, 350	59, 600

¹ Preliminary.

² Estimated.

³ Assume no change in stocks between end of 1947 and 1948. The indicated decline represents only normal smelting losses.

⁴ Does not include strategic stock pile.

⁵ Includes tonnage to be transferred to strategic stock pile.

Mr. McCoy. Mr. Chairman, we have prepared another table (No. 2) on primary pig tin, which I should like to submit.

The CHAIRMAN. Without objection that may be inserted in the record.

(Table No. 2 is as follows:)

TABLE 2.—Primary pig tin, United States supply and consumption, 1937-48

[Long tons tin content]

	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948 (esti- mated)
Supply (Primary pig tin only):												
United States mine production ¹	168	95	34	49	56	6	8	5	0	0	0	0
Imports—Concentrate ²	0	0	500	3,000	28,670	28,933	21,857	35,548	33,527	38,116	28,700	32,000
Imports—Metal ³	88,115	49,699	70,102	124,810	140,873	26,753	12,030	13,338	8,440	6,716	29,700	35,000
Total.....	88,283	49,794	70,636	127,859	169,599	55,692	33,895	48,891	41,967	44,832	458,400	67,000
Consumption and exports (primary pig tin only):												
Consumption ⁴	72,928	48,116	66,583	72,324	103,086	56,288	46,253	59,156	56,642	58,347	62,200	66,500
Export ⁵	313	205	2,105	2,664	1,094	409	1,770	843	882	700	500	500
Total.....	73,241	48,321	68,688	74,988	104,180	56,697	48,023	59,999	57,524	59,047	62,700	67,000

¹ Source: U. S. Bureau of Mines.² Source: 1937-46, Bureau of Census; 1947-48, Office of Materials Distribution.³ Source: 1937-43, U. S. Bureau of Mines; 1946-48, Office of Materials Distribution.⁴ 1946 figure does not include 9,817 tons imported for the account of SCAP, subject to allocation by Combined Tin Committee. This tonnage was later purchased by the U. S. and is included in the 1947 figure.⁵ Includes approximately 3,000 tons to be made available for permanent stock pile.

Mr. McCoy. As shown in tables 1 and 2, our new supplies of tin for 1948 are estimated at 91,000 tons (primary and secondary). These will be made up of 67,000 tons of imported pig tin and concentrates and 24,000 tons of secondary tin produced here from scrap recovery and other sources. This does not include about 20,000 tons of pig tin retained in Reconstruction Finance Corporation reserves as a minimum working supply to support operation of the Texas City smelting plant and to offset irregularities in arrivals of imports. During 1947 imports varied from 530 tons in the second quarter to 41,981 tons in the third quarter.

As shown in table 1, United States consumption of tin for 1948 is estimated at 91,000 tons with present restrictions. This would include about 3,000 tons for the strategic stock pile. In the absence of restrictions, 1948 consumption would amount to 113,000 tons. This would include no provision for the stock pile. We have prepared a third table (No. 3) which shows the break-down of this amount, which I would like to submit for the record.

The CHAIRMAN. Without objection, that may be inserted in the record.

(Table No. 3 is as follows:)

TABLE 3.—*Tin consumption, by uses*

[Long tons of tin content]

Use	1947 consumption ¹	1948 ²
		Unrestricted demand
Tinplate and terneplate.....	32,000	40,000
Brass and bronze.....	21,200	25,000
Solder.....	19,700	23,000
Babbitt.....	6,800	8,000
Tinning.....	2,800	4,000
Collapsible tubes.....	1,000	4,000
Foil.....	400	1,000
Type metal.....	1,300	1,500
Other (including exports).....	2,700	6,500
Total.....	87,900	113,000

¹ Preliminary.

² Estimated.

Mr. McCoy. The 113,000-ton estimate is based upon data supplied by industry in presenting allocation requests and, with appropriate modification, data on prewar usage for purposes not receiving allocations now. An illustration of the difference between restricted and unrestricted demand among present users of tin is a comparison between allocations applied for and allocations granted. During the first half of 1947, 36,286 tons was applied for, and 31,524 tons—15 percent less—was granted. In the absence of controls, this 15 percent differential would be even larger since the requests contemplated use in accordance with present restrictive specifications. In addition, it would be supplemented by substantial demands for users now receiving no tin at all.

An important new factor in the tin situation is the recent decision to make supplies available for the strategic stockpile provided for in Public Law 520, Seventy-ninth Congress. Since the termination of hostilities, the policy with regard to tin distribution has been one

of gradual relaxation of controls as supplies increased. Under this policy no provisions could be made for additions to the strategic stock pile. The Government agencies responsible for national safety believe that the policy should now be changed.

The Under Secretary read to you yesterday the communication from the National Resources Board with respect to the necessity for accumulating stock piles of tin.

With this in mind, a new conservation program has been announced by the Department of Commerce, to go into effect on February 29, 1948, if authority is extended. The program would make a modest beginning toward stock piling during 1948. An amendment to the current regulations will restrict the total amount of tin for use in manufacturing cans during 1948 to no more than the quantity used during 1947. In addition to this over-all restriction, supplementing limits will be placed on the usage of tin in the packaging of certain products. The tin saved through these measures will be made available for the strategic stock pile. Additional tin resulting from conservation in other fields or increased imports will also be made available for the stock pile.

The necessity for tin conservation, and for the extension of authority which makes it possible, is evidenced by the time it will take to consummate the stock piling objective. For security reasons, absolute figures or approximations cannot be divulged. However, even with consumption restricted to the current level, it will take longer to acquire the tin required for the strategic stock pile than is deemed strategically sound by those responsible for its attainment. The period will be considerably more extended if the present restrictions are substantially relaxed or abandoned.

A number of serious consequences would arise if controls were removed or if types of controls were reduced. In the absence of controls, the total industrial demand would increase by about 25 percent, exceeding the supply by about the same amount. The balance now achieved through the combination of purpose, quantity, and specification controls would be lost. In addition, the effective division of supplies among various users through allocation would also be lost. The end results would probably be increased inflationary pressures and maldistribution, with certain essential needs—such as the food pack—jeopardized. Strongly entrenched buyers and speculators would acquire an undue proportion of the inadequate supply at higher prices. The small manufacturer would have difficulty in covering his essential needs.

Furthermore, there are no prospects for normal tin trading and distribution in the near future. Private buyers are unable to hedge or otherwise protect their positions on foreign purchases since almost all domestic pig tin is produced in a Government-owned smelter and distributed through the Reconstruction Finance Corporation. The United States, along with the major exporting countries and the largest consumers, is a member of the Combined Tin Committee, and, in order to fulfill its commitments, must be in a position to control imports as well as exports.

The Department of Commerce does not feel that higher prices for tin will materially increase world production. Higher prices—as well as elimination of controls—might operate to draw to this country a

larger proportion of the available supply. However, the resulting reduction in the supplies for other countries might create new problems, such as increased demands on this country for tin plate and other tin products which otherwise would have been produced abroad.

At this point, I would like to depart from my prepared statement to discuss a question which arose during Under Secretary Foster's testimony here yesterday. The question concerned the types of products for which tin is not permitted under our tin controls. In order to answer this question completely, it is necessary to go back for a moment, to the basic problems.

The problems center around the fact that our tin supplies are not sufficient to meet all demands. Such being the case, there are essentially two alternative courses to follow in distributing the available supplies. One is to divide the supplies among all claimants, upon some equalizing mathematical basis and without regard to relative need. This is substantially the same as the principle followed in consumer rationing. The other course is to distribute selectively, upon the basis of minimum need and other relevant factors. This is the course we are following. It is, we believe, the only course appropriate to the purposes and policies of the Second Decontrol Act, particularly the policy of protecting the domestic economy from the injury which would result from adverse distribution of materials which continue in short world supply. We feel that the other course—whether based on historical consumption or any other system which is not related to need and to tin-saving techniques—would aggravate the tin shortage and cause serious disturbances in our domestic economy. Among other consequences, it would mean that some users would get more than they require, while others would get less than they require. It would also mean the loss of the present tin-saving conservation techniques through which we make the tin supply go farther than it would otherwise.

This approach is reflected in our tin regulations. I believe that the members of the committee have copies of the regulations. Order M-43 is the major control on tin distribution use. In paragraph (e), it sets up the basic principle that tin may be used only for certain products and processes and only in accordance with any special conservation restrictions for those products and processes. The various permitted items are listed in schedules at the end of the order. The effect of this restriction is to deny the use of tin to any product or process which is not listed. These restrictions have been developed with the advice of industry over a period of years and now represent a well-developed pattern.

In the case of tin cans, there is a supplementary regulation known as Order M-81. Its principal feature is limiting the maximum tin coating on cans for various products. Cans use more tin than any other product class. In addition, they are of major importance in the food problem.

The can order, in turn, is supplemented by a regulation known as Direction 10 to Order M-81. This is the new regulation issued to carry out the stock-piling objective and is to become effective February 29, if authority is extended. It limits the total consumption of tin for cans and places some specifications on cans for certain products.

As I have mentioned, our regulations represent the selective course of distributing tin on the basis of need and other relevant factors.

With the principal exception of food, I do not mean "need" in relation to the essentiality of the product or process. Except for food, the Department of Commerce does not consider any products or processes unessential to our economy and does not attempt to establish relative degrees of essentiality. I am referring to need in the sense of the essentiality of using tin in or for particular products or processes.

There are many cases where the use of tin is desirable but still not essential. In some of these cases, substitutes for tin are available. In other cases, neither the use of tin nor the use of a substitute is necessary. We recognize that elimination of tin in these various cases may cause some inconvenience or complications but feel that they are not disproportionate in relation to the problems involved. Generally speaking, the products and processes for which tin is permitted represent cases in which it has been found that tin is needed because substitutes are either not available or not practical.

Some examples of products for which tin is not permitted may be found in the list in paragraph (k) of Order M-43. This includes such items as advertising specialties, jewelry, toys and games, and so forth.

Since the available supply of tin is not sufficient to cover total requirements for even these limited uses, we next have the problem of how to distribute the supply among these uses. As I mentioned before, we consider it inappropriate to divide the supply among all claimants on an equalized mathematical basis. We consider that basis likewise inappropriate for distributing among the permitted uses. Therefore, again the problem is approached from the viewpoint of need and other relevant factors. In part, this is handled by establishing specification restrictions which promote economical use of tin, thereby reducing some of the permitted demand and allowing the tin supply to be spread further. Similar results are achieved in some cases by end use restrictions, where the finished tin-bearing product may be essential for some end uses but not for others. Both of these techniques are illustrated by our can restrictions, for example.

After reducing the requirements for permitted uses through the several conservation techniques mentioned, we distribute the tin among these uses on the basis of such factors as historical consumption, changes in conditions, requirements for a minimum economic rate of operation, and so forth.

Now, let me consider the tin-plate-export program, which is conducted under the powers over "tin and tin products."

In carrying out the program, limited amounts of tin plate are allocated for export. The portion for food preservation abroad for foreign consumption is given priorities assistance, under Direction 1 to Allocations Regulation 2. The balance is available for export, without priorities assistance, for the following purposes: Packaging food abroad for export to the United States, other foreign uses comparable to those permitted here under Conservation Order No. M-43 (Tin); and limited foreign requirements of United States oil companies operating abroad.

The problem is chiefly the inability of foreign countries to produce sufficient tin plate to meet their own essential requirements particularly for food preservation.

World tin-plate production in the last few years has not kept pace with the tremendous expansion in the output of food and other products distributed in tin cans.

The trend of tin-plate production in the United States and the rest of the world since the prewar period is revealed in the chart below. Peak production before the war was in 1939, when world output was about 4,300,000 tons. Output rose to 4,600,000 tons in 1941, then dropped sharply, reaching a wartime low of 2,600,000 tons in 1943. Despite a substantial recovery since then, total world production in 1947 was still somewhat below prewar. Tin-plate output in the United States last year was about 3,500,000 tons, almost half again higher than in 1939, but in the United Kingdom and other producing areas, production is still almost 50 percent below the prewar level. Consequently, the rest of the world is more heavily dependent on us than ever before for needed supplies of this vital material.

I have a chart of estimated world production of tin plate which I would like to submit for the record.

(The chart referred to is inserted at this point.)

Mr. McCoy. Production of tin plate in the United States, as in foreign countries, is limited by shortages of tin and sheet metal, and of tin-mill capacity. As these shortages are overcome, output will continue to expand. Production in the United States in the fourth quarter was already at an annual rate of about 4,000,000 tons, and further increases in capacity are under way.

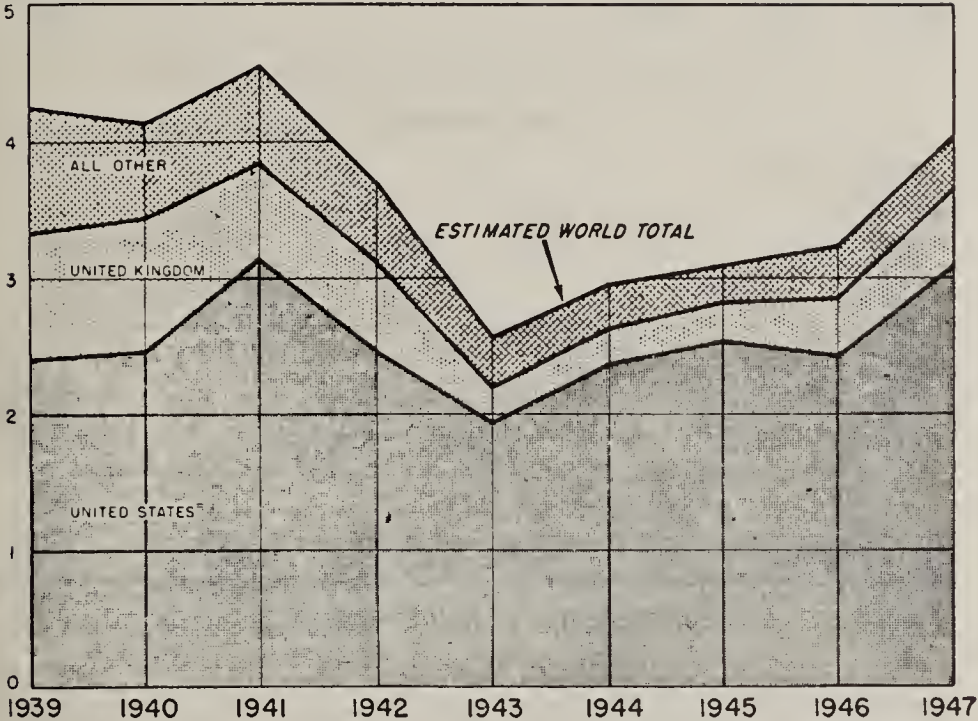
Until supply is brought more nearly in line with demand, however, market conditions in the United States will not permit foreign countries to obtain urgently needed amounts of tin plate without positive assistance in procurement. The demand for tin plate is more urgent in the war-devastated countries. Normally, they are, as a group, capable of taking care of their own needs and have an exportable surplus of tin plate. At present, although their production is rising, it is still far short of needs. This production will probably continue inadequate for some time to come, due principally to the difficulties and delays involved in rehabilitating existing plants and expanding present capacity.

Quarterly export allocations for tin plate are established by the Department of Commerce to meet the most essential requirements abroad, while imposing a minimum impact on the domestic economy. The quantities to be allocated for export are determined on an inter-departmental basis. Advice and assistance are also obtained from an Industry Advisory Committee representing the producers of tin plate. Only a fraction of total foreign tin-plate requirements for food packaging alone is being met at the present time. Quotas established for this purpose in recent quarters have been sufficient to meet from 50 to 64 percent of these needs. Requirements for uses other than packaging of perishable foods for foreign consumption are also substantial, but only a nominal quota is set aside for this purpose.

Export allocations of tin plate, excluding shipments to Canada, for the year ending June 1948, totaled 547,000 short tons. Of this amount 470,000 tons was for the preservation of food for consumption abroad and received priorities assistance. These total exports represented roughly one-eighth of estimated domestic production. Although in tonnage terms these exports reflect a sharp increase from the prewar period, the ratio of exports to production has not changed appreciably. Statistics on United States supply and exports are set out in two tables, Nos. 4 and 5, which I am presenting.

ESTIMATED WORLD PRODUCTION OF TINPLATE
1939 - 1947

MILLIONS OF LONG TONS



The CHAIRMAN. Without objection they may be inserted in the record.

(Tables 4 and 5 are as follows:)

TABLE 4.—*Tin plate—Export allocations, year ending June 30, 1948*

[Short tons]

Period	Total	With priorities assistance	Without priorities assistance
1947			
Third quarter.....	138,000	118,000	20,000
Fourth quarter.....	142,000	120,000	22,000
1948			
First quarter.....	142,000	120,000	22,000
Second quarter.....	125,000	112,000	13,000
Total.....	547,000	470,000	77,000

TABLE 5.—*Tin plate, United States supply and exports*

[Thousand net tons]

Period	United States supply ¹	Total exports	Exports, excluding Canada	
			Amount	Percent of United States supply
Quarterly average:				
1937.....	690	100	93	13.5
1938.....	405	44	40	9.9
1939.....	640	86	78	12.2
1946.....	708	94	82	11.6
1947:				
First quarter.....	770	129	119	15.5
Second quarter.....	931	145	125	13.4
Third quarter.....	964	140	118	12.2

¹ American Iron and Steel Institute series on production for sale and shipments of tin and terneplate. Tin plate is not shown separately from terneplate but normally represents over 90 percent of the total combined production.

Source: American Iron and Steel Institute and Bureau of the Census.

Mr. McCox. In the steps to provide tin for the stock pile, a reduction has been imposed on the tin-plate export program. The reduction is in the form of a lower allocation for the second quarter. Proportionately, the reduction is somewhat larger than similar ones placed on domestic uses.

Because of equipment and other technical factors abroad, foreign users of our tin plate cannot use many of the thin tin coating required of domestic users here for purposes of conservation. However, the foreign users are held to the minimum feasible tin coatings, and efforts are being made to encourage and assist technical change-overs which will make possible the use of even lighter coatings.

Because of "lead time" requirements of industry, the allocations for each quarter are made 2½ months before the quarter. Consequently, this is essentially a 6-month-cycle operation.

Without the existing authority, export of the required tin plate could not be assured. If the tin plate is not supplied, the foreign food crisis would be aggravated and the demands on this country for food export would be increased. In addition, the tin allocations to this country take into account the tin we export in the form of tin plate.

Therefore, reduction of our tin-plate exports may result in reduction of our allocations of tin for import.

Next, as to antimony.

The act provides general allocation and priority powers for antimony.

These powers are exercised through General Preference Order M-112, which places a simple control upon the distribution and consumption of antimony. The controls are directed principally at correlating individual requests for antimony with the form and type of antimony most appropriate in terms of supply and suitability. They also prevent building up of excessive inventories. There are no end-use restrictions as such.

Because of insufficient imports of antimony, the supply is inadequate for United States needs. For 1948, the estimated supply is at least 17 percent under requirements.

Antimony is used as an alloying element in the manufacture of storage-battery plates, bearings, printing-type metal, and in the hardening of lead. It is also used chemically in paints and ceramics, and for flameproofing.

China was the world's largest producer in prewar years. It is now out of production and will probably not be a major source of supply for some time to come. Mexico is our principal outside source of supply at present, although small amounts may also be received from Bolivia. Domestic production of primary antimony is confined to a single mine, now producing approximately 4,800 tons a year, or about 20 to 30 percent of our consumption.

I am offering a table (No. 6) which shows the United States supplies, consumption, and stocks of antimony.

The CHAIRMAN. Without objection, it may be inserted in the record. (Table No. 6 is as follows:)

TABLE 6.—*Antimony, United States supplies, consumption, and stocks*

	1947		Year 1947 ¹	Year 1948 ²
	Third quarter	Fourth quarter ¹		
Supply:				
Domestic mine production.....	1,390	1,200	4,912	4,800
Imports of ore.....	2,205	2,000	8,761	6,000
Imports of metal.....	1,147	500	4,462	4,000
Scrap.....	4,684	4,500	20,424	18,000
Total.....	9,426	8,200	38,559	32,800
Domestic consumption and exports:				
Alloys.....	7,049	7,550	30,836	28,000
Paint and lacquer.....	325	325	1,402	1,400
Frits and ceramic enamels.....	362	400	1,747	1,700
Flameproof compounds.....	45	50	157	400
Other.....	789	650	3,224	3,500
Processing loss.....	451	450	2,338	2,400
Total domestic consumption.....	9,021	9,425	39,704	37,400
Exports.....	346	400	1,512	2,000
Total consumption and exports.....	9,367	9,825	41,216	39,400
Stocks (end of period):				
Government.....	6,817	6,700	6,700	100
Industrial:				
Primary forms.....	8,793	6,700	6,700	6,700
Scrap.....	2,704	2,500	2,500	2,500
Total.....	18,314	15,900	15,900	9,300

¹ Preliminary. ² Estimated.

Mr. McCoy. As shown in table 6, the estimated new supply of antimony (primary and secondary) for 1948 is 32,800 short tons, including a doubtful 4,000 tons from China. This represents a 15-percent decrease from the 38,559 short tons for 1947. The decrease results from several causes. Carry-over stocks have been reduced because imports expected from China during late 1947 did not come up to expectations. Bolivia will be largely lost as a source of supply for the first half of 1948 since almost all of its output for that period has been purchased by foreign interests. Scrap recovery will not approach last year's record level.

The restricted industrial demand for 1948 (including no provision for strategic stock piling) is estimated at 39,400 short tons. This contrasts with the 1947 figure of 41,216 tons, when "pipe line" filling increased the total demand. Eliminating this pipe-line factor, the 1948 demand is actually somewhat above the 1947 demand. Comparison of the above supply and demand figures for 1948 shows a deficit of at least 6,600 tons (exclusive of any provision for the strategic stock pile).

The above figures represent both primary and secondary antimony. While both types can be used interchangeably in many cases, they cannot in all cases. Therefore, a subsidiary analysis of the figures for primary antimony is relevant.

As in 1947, imports of at least 14,000 tons of primary material will be needed during 1948 to support the minimum demand for that type. However, the estimate of 1948 imports is only 10,000 tons, including the doubtful 4,000 tons from China. As a result, the deficit of primary material will be at least 4,000 tons and, in fact, will probably be higher. To satisfy this deficit, as well as the deficit in secondary supplies, it will be necessary to draw against Reconstruction Finance Corporation reserve stocks of primary antimony. As of January 1, 1948, these stocks were 6,700 tons.

Removal of controls over antimony would result in rapid dissipation of such supplies as may be available. This would be accomplished by hoarding, maldistribution, and a speculative market. The end results would be a denial of some essential needs and disruption of industrial activity. Higher prices are not expected to produce an increased supply.

Next, as to cinchona bark, quinine, and quinidine.

The act provides allocation and priority powers for:

Cinchona bark, quinine, and quinidine, when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947) from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution, or when made from any of such materials so acquired.

Elimination of quinine from this authority is recommended.

We have discontinued our controls over quinine because of favorable developments in the supply situation. However, controls continue over quinidine and cinchona bark. Through Conservation Order M-131, we limit the use of the drug quinidine to treatment of cardiac conditions. In addition, deliveries are controlled to achieve equitable distribution of the limited supply. Use of cinchona bark is controlled to promote maximum extraction of quinidine. The controls apply only to Government stocks and supplies originating from these stocks.

Because of inadequate world production, the United States supplies of quinidine are not sufficient for all demands, or even for the essential cardiac-treatment demands.

Quinidine is a drug extracted from cinchona bark. It is essential as a medication in the treatment of certain forms of cardiac disorder. It is also used as an ingredient in patent chill tonics. Our supply is entirely dependent upon imports of the drug or of the bark, for processing here.

Our supplies come chiefly from Dutch sources. Until recently, they were brought in only by the Reconstruction Finance Corporation. When the imports were in the form of cinchona bark, the Reconstruction Finance Corporation had them processed domestically for the extraction of the drug. The stocks resulting from Reconstruction Finance Corporation imports have been distributed pursuant to Order M-131.

Recently, foreign sources of supply have made stocks available for private imports to this country. About 100,000 ounces of such imports will arrive during the first quarter of this year. The distribution of these imports is not controlled by the Government.

Table 7, which I am introducing, shows the quantities allocated under Order M-131 and compares them with the quantities requested.

The CHAIRMAN. Without objection, the table may be inserted in the record.

(Table No. 7 is as follows:)

TABLE 7.—*Quinidine, requests and allocations, in ounces*

Quarter	Requests	Allocation	Allocations as a percent of requests
1946			
Third quarter.....	138, 125	35, 127	25
Fourth quarter.....	157, 542	41, 552	27
1947			
First quarter.....	162, 679	40, 271	25
Second quarter.....	174, 452	49, 303	28
Third quarter.....	180, 659	70, 200	38
Fourth quarter.....	189, 442	78, 573	41

Mr. McCoy. As will be noted, allocations have been increased over the past year and a half, as supplies increased. In the third quarter of 1946, only 25 percent of the quantities requested could be made available. This figure increased to 41 percent in the last quarter of 1947.

Table 8, which I am also introducing, sets out the estimated quinidine supply and demand for 1948.

(Table No. 8 is as follows:)

TABLE 8.—*Quinidine, estimated supply and demand, year 1948*

[In ounces]	
Supply:	
RFC stocks Jan. 1, 1948.....	42, 290
Imports ¹	450, 000
Recovery from processed materials.....	48, 300
Total supply.....	540, 590

¹ Estimate submitted by the Trade Commission NEI; private and public imports not shown separately for the year.

TABLE 8.—*Quinidine, estimated supply and demand, year 1948*—Continued

Demand:	[In ounces]	
Exports.....		(²)
For cardiac treatment.....		\$564,000
Other (mostly chill tonics).....		41,000
Demand (exclusive of inventory build-up).....		605,000
Inventory build-up.....		90,000
Total demand.....		695,000
Indicated deficit.....		154,410

² Negligible.

Mr. McCox. The supply shown is 540,590 ounces, made up of 498,300 ounces of new supplies and 42,290 ounces of Reconstruction Finance Corporation carry-over stocks. The total demand shown is 695,000 ounces, including 564,000 ounces for cardiac use. The balance represents other uses, including inventory build-up.

A comparison of the supply-demand figures shows an over-all deficit of 154,410 ounces. It also shows that the new supply—498,300 ounces—approximates 87 percent of the cardiac requirements, which is a marked improvement over 1946 and 1947.

The present situation, however, does not mean that the quinidine problem has been solved. If quinidine supplies continue to increase more rapidly than consumption, as they have in the past 2 years, there would be no difficulties, and controls could be dropped in the near future. Unfortunately, however, this does not seem to be the outlook.

Demand for quinidine continues to rise as a result of increasing knowledge of its medical efficiency. However, Government and industry authorities believe that the 1948 supply is very near the maximum. If so, the 1948 situation may be the most favorable for several years to come. This would be particularly likely to occur if the demand for the drug expands in Europe as it has in the United States. At present, this country is getting a very large proportion of the world supply.

The problem facing the United States, therefore, is still a long-range one of keeping its supply in balance with an increasing demand. Possibilities of solution lie in obtaining additional quantities of Dutch or Java bark for American processing, in developing so-called synthetic quinidine from the reprocessing of quinine—at present a high-cost operation—and to a minor extent in obtaining South American bark from Government-owned plantations and, ultimately, from private plantations. These and other possibilities are under study by the Government. However, until real progress toward a solution is made, the existing authority is considered essential. There is some possibility that such progress may be made within the fairly near future. It should be noted that, when the time comes for removal of controls, a transitional period would be necessary before industry could undertake effective distribution without controls.

The removal of controls would, under existing conditions, result in unbalanced distribution of the supply. There is also danger that substantial quantities would be diverted from consumption into inventory build-up, thereby aggravating maldistribution of the balance.

As a result, many patients would be less likely to obtain their requirements than they are at present, thus posing a threat to the public health.

I would like to supplement this prepared statement on quinidine with the following remarks for insertion in the record.

At a meeting with the distributors of quinidine held on January 20, 1948, it appeared to be the consensus of those present that the existing system of partial control is causing commercial complications. Controls now apply only to stocks originating with the Government, private imports being free. Representatives of the distributors said that either controls should apply to the entire supply or that quinidine should be completely decontrolled.

In commenting on this proposal, I can say that the Department of Commerce agrees that complete control would be more effective than control over only a portion of the supply. Complete control existed prior to the enactment of the Second Decontrol Act. The Department would have no objection to its reinstitution. In fact, in June 1947 we requested extension of complete authority from the Congress.

Although we believe that full controls would be more effective, we do not necessarily agree that the present limited authority will cause undue complications. With the exception of very limited quantities, all the supply prior to February 1, 1948, originated in Government sources and practically complete control was in effect. Only now are private imports commencing to enter this country in appreciable volume. Consequently, in effect, the period of limited control is just beginning. It is too soon to say that it cannot operate successfully.

I believe that the primary objection of the distributors to limited control is that those who are forced to obtain material from the Government will be at a disadvantage in comparison with those having private stocks. Under the existing order, those having Government material are required to obtain applications from their customers. Distributors of private imports can dispense with this paper work. If the authority is extended in its present form, we will endeavor to find a way to eliminate this objection.

Next, I will take up nitrogenous fertilizer materials.

The statute provides powers for "nitrogenous fertilizer materials for the purposes of exercising import control and of establishing priority in production and delivery for export."

We have a regulation, known as Direction 4 to Allocations Regulation 2, under which export priorities may be issued for limited amounts of nitrogenous fertilizer materials to be exported under a program based upon International Emergency Food Council recommendations. We have not established import controls for these materials since they have not yet been found necessary. They would be exercised, if needed, to keep our imports within the amounts allocated to this country by the International Emergency Food Council.

These powers are related to the problem of alleviating the world food crisis by supplying fertilizer to needy countries. In so doing, we are carrying out our international allocation commitments and easing food demands on this country.

At the present time there is a serious world shortage of nitrogenous fertilizer materials. The shortage for the year ending June 30, 1948,

is estimated at about 990,000 tons—nitrogen content—which represents about one-quarter of the total world requirements. The shortage is due largely to four factors:

1. World demand has increased substantially over pre-war levels.
2. Many of the nitrogen-producing plants in Europe and Asia were destroyed during the war. Most of these have not yet been rebuilt.
3. Coal, which is necessary in the production of sulfate of ammonia, is in extremely short supply in most countries.
4. Wartime destruction of livestock has reduced the quantity of nitrogen derived from barnyard manures.

Because of the shortage mentioned above, nitrogenous fertilizer materials are under allocation by the International Emergency Food Committee of the United Nations Food and Agriculture Organization. The International Emergency Food Committee is a cooperative inter-governmental body which recommends a pattern for international distribution of foods and agricultural materials which are in short supply on a world-wide basis.

The International Emergency Food Committee allocations, and operations under them, are conducted on the basis of a July-June "fertilizer year." The supply-requirements situations for the present 1947-48 year and the coming 1948-49 year are discussed separately below.

United States production of nitrogenous fertilizer materials for the 1947-48 year will amount to about 690,000 tons in terms of nitrogenous content.

Imports into the United States, as recommended by the International Emergency Food Committee for the same period, will amount to 188,000 short tons of nitrogen, as against a recommended export commitment of about 61,000 tons. (The 188,000 figure is a revision of an earlier estimate of 187,000 tons.) Despite these net imports, the supply of nitrogen fertilizer in the United States in 1947-48 is now expected to fall short of agricultural requirements by a substantial amount.

These estimates do not include United States Army Ordnance production of about 253,000 short tons of nitrogen. This production is earmarked exclusively for shipment to the occupied areas of German Bizonia, Japan, and United States occupied Korea and is not under International Emergency Food Committee allocation. Furthermore, no allowance is made for domestic production of nitrogen used for industrial purposes—about 414,000 tons in the year ending June 1948.

There is little prospect that the deficit of nitrogen in this country, or the rest of the world, will be reduced in the 1948-49 fertilizer year. In fact, the world shortage is expected to be substantially greater in 1948-49. Increased requirements result chiefly from the establishment of high food production goals, both here and abroad, and the reclamation of large agricultural areas which were devastated or inundated during the war. The need for nitrogenous fertilizer materials in these areas, which have not been cultivated for several years, is abnormally high.

Facilities for the increased production of nitrogenous fertilizer materials are being constructed in several countries which are now importing material, and some of these facilities are expected to be in production by July 1948. But even this enlarged supply will leave a substantial deficit.

It is also planned to bring additional facilities into production in the United States, but these plants are not expected to contribute materially to the total supply until some time in 1949.

If the authority for nitrogenous fertilizer materials is not continued, it is very dubious that the international allocation system, and the United States participation in the system, would be effective. Therefore, both the program for the coming 1948-49 "fertilizer year" and completion of the current 1947-48 year's program would be jeopardized. Out of the current program, at least 11,000 tons (about 20 percent) will be unshipped by suppliers on February 29, 1948, according to recent scheduling information. It is questionable whether this tonnage would be shipped in full if the authority is not extended.

Because of the complexities involved, allocations are made as much in advance of the fertilizer year as possible. Preliminary work on the International Emergency Food Committee allocations for the coming fertilizer year will begin shortly. It is highly important that the United States Government be able to inform the International Emergency Food Committee as to whether we will be able to participate effectively. Such participation is dependent upon having the authority to ensure carrying out our commitments. To be adequately effective, the authority should cover a full fertilizer year. Extension for any lesser period would tend to cause delays and confusion. In this connection, it might be noted that we were delayed in starting the current year's program and that this caused difficulties in handling the program and in getting shipments out in time to avoid interference with domestic distribution.

Next I would like to say a word with respect to materials for export (export priorities).

The Decontrol Act contains two general provisions for the use of export priority powers not related to specifically named materials.

The provisions are:

(D) Materials for export required to expand or maintain the production in foreign countries of materials critically needed in the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for manufacture and delivery of the materials required for such export;

(F) Materials (except foods and food products, manila (abaca) fiber and cordage, agave fiber and cordage, and fertilizer materials) including petroleum and petroleum products, required for export, but only upon certification by the Secretary of State that the prompt export of such materials is of high public importance and essential to the successful carrying out of the foreign policy of the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for the manufacture and delivery of the materials required for such export: *Provided*, That no such priority based on a certification by the Secretary of State shall be effective unless and until the Secretary of Commerce shall have satisfied himself that the proposed action will not have an unduly adverse effect on the domestic economy of the United States * * *.

Thus, export priorities may be granted:

(1) Where the material for export is required to expand or maintain foreign production of commodities critically needed in the United States, and

(2) Where the prompt export of a material is essential to the success of American foreign policy when so certified by the Secretary of State, subject to a finding by the Secretary of Commerce that the proposed action will not have an unduly adverse effect upon the domestic economy.

Where necessary, priorities assistance may be given for export procurement in either of the two types of cases specified in the statute. Such action is not taken where the necessary procurement can be arranged for without formal priorities. The procedure is set out in Allocations Regulation 2.

Many commodities are in such short supply in the United States that they cannot be obtained for export, for needs of the highest urgency, without the use of positive assistance in their procurement.

Because of the crucial role played by nitrogenous fertilizers and tinplate in the production and preservation of food abroad, regular quarterly programs of export priorities have been established under the powers for these specific commodities, as I mentioned previously. In addition to these there are other needs for assistance.

The general "export priorities" powers cited above are for materials which are not specifically covered by other powers under the Second Decontrol Act. These export priorities powers have been used very sparingly. Requests have been carefully screened and only the most important acted upon. Action has been limited to spot assistance to expedite particular shipments. In some cases, the required shipments have been arranged without the issuance of formal priorities. Such priorities have been issued in only two cases. One application was approved in the third quarter of 1947 to procure \$107,000 worth of equipment needed to expand tin production in the Netherlands East Indies. The other case, covering the export of 4,153 tons of steel for the Greek aid program, was certified by the Secretary of State as essential to the success of American foreign policy.

If the "export priorities" powers are not extended, the Government will be without power to assure prompt deliveries for the two important purposes involved. In addition, orders already rated but not filled by February 29 would lose their preferred status, and cases now pending could not be carried on.

This concludes the formal part of my presentation. My staff and I are prepared to answer any questions which the members of the committee may want to ask.

Mr. BROWN. Mr. Chairman.

The CHAIRMAN. Mr. Brown.

Mr. BROWN. How much fertilizer would you say was allocated and exported to Japan and Germany?

Mr. MCCOY. I did not indicate the specific allocation to those two countries. I just gave the figure on the Army's program. I would like to ask Mr. Wilson T. Hart, the fertilizer specialist on my staff, to answer those questions.

Mr. HART. 253,000 tons was the Army production, and that amount was exported to Bizonia, Germany; Korea; and Japan.

Mr. BROWN. How much did we export to other countries?

Mr. HART. About 61,000 tons.

Mr. BROWN. And the previous amount was how much?

Mr. HART. That is over and above the Army program of 253,000 tons.

Mr. BROWN. Do they need all that fertilizer?

Mr. HART. They seem to think they do.

Mr. BROWN. The reason I ask the question is that it was stated on the floor of the House yesterday that you were exporting to these

countries more fertilizer per man than was allocated to the individual farmer in America. Is that true?

Mr. HART. No, sir.

Mr. BROWN. That the export of fertilizer to a German farmer was greater than was allocated to a farmer in America.

Mr. HART. I am not able to answer that question. I cannot tell you what the German situation is.

Mr. BROWN. The distinguished gentleman who made the statement stated that he thought we could supply the other countries with part of this fertilizer which the Army is exporting to these countries. Could we do that? And save the exports to other countries outside of Japan, Germany, and Korea? What do you say to that?

Mr. HART. The program as set up by the Army is one over which we have no control whatsoever. That is an Army program.

Mr. BROWN. I know, but Congress can take care of the situation. That is the reason I am asking the question.

Mr. HART. I believe that the Army claims a shortage in the occupied areas of a considerable amount. Therefore, apparently there is not sufficient nitrogen moving to the occupied areas.

Mr. BROWN. Where is the Army getting this fertilizer?

Mr. HART. They are getting it from reactivated ordnance plants. It is not coming out of commercial sources. They are plants which were built primarily, Mr. Congressman, for the manufacture of explosives during the war. They are now being converted to the manufacture of nitrogen, ammonium nitrate.

Mr. BROWN. So the American farmer is not getting any of that fertilizer at all?

Mr. HART. No, sir; he never did, of course, up to the war, because it was never available to the American farmer. You see those plants were built during the war.

Mr. BROWN. I know. We did not have any such plants before the war.

Mr. HART. That is correct.

Mr. COLE. Mr. Brown, will you ask how many of those plants there are in operation?

Mr. BROWN. Yes. How many are there in operation?

Mr. HART. There are three plants operated by the Army in the manufacture of the primary material.

Mr. COLE. Does that include the one in Kansas?

Mr. HART. No; the one in Kansas is now in private hands.

Mr. COLE. I know, but is the Army taking all of the product of the Kansas plant?

Mr. HART. No, sir; it is not taking any of it, sir.

Mr. COLE. Do you have that under control?

Mr. HART. Yes, sir.

Mr. COLE. None of our farmers get any of it.

Mr. HART. Our farmers should be getting all of that except about 16 percent of the plant's production, which is going for the export program.

Mr. COLE. That is going for domestic consumption?

Mr. HART. About 84 percent is going for domestic consumption.

Mr. COLE. That is not as I understood it. I understood that none of it was going to our farmers domestically?

Mr. HART. That again involves a rather erroneous statement which has been made. The truth of the matter is this: The export program calls for about 16 percent of the production of ammonium nitrate by all producers, including the Tennessee Valley Authority. The portion is equal to about 16 percent of preceding year's production. The balance is available to American farmers. Now, in order to get that program into operation, there was a delay in the beginning of the season, because, as a matter of fact, we could not secure a port, because of the Texas City disaster. What actually transpired was that some of those companies did not get their exports out until, say, February or January, and then the 16 percent became a rather appreciable part of their production for any 1 month. To try to avoid that very thing, we called industry together and asked industry—we foresaw what was coming—to spread it over a longer period, so that we would not take all the supply of any plant for any given period. To a large degree that was done. There were one or two who did not do it.

Mr. COLE. I do not like to use hearsay, but a friend of mine who is one of the largest landowners in the State of Kansas, and also is a friend of the chief officer of the Kansas plant, approached him and said, "Under any circumstances can I secure a few loads of fertilizer?" and the reply was, "No, the Government takes it all. You cannot have any of it." He did, however, I think, give him a few tons, in order that he might try it out in a certain area.

How does that situation arise?

Mr. HART. That arises from the very thing I told you. They did not get their program out over a wide period. The result is that it all came up in a short time, say, in a matter of about 1 month. They had to try to move it all in a very short period of time, and it did probably preempt these factories over a period of weeks.

Mr. COLE. Thank you, Mr. Brown.

Mr. BROWN. As I understand, most of our imports of fertilizers come from Chile and Canada?

Mr. HART. Yes, sir.

Mr. BROWN. How much did you say we export?

Mr. HART. 61,000 tons.

Mr. BROWN. What countries receive that?

Mr. HART. The countries receiving those exports are primarily China, France, Holland, a little to India, the Philippines, Turkey, Greece, and the Latin American countries.

Mr. BROWN. What percentage of the total fertilizer manufactured is the 61,000 tons?

Mr. HART. About 9 percent.

Mr. BROWN. What percentage is being exported altogether, then?

Mr. HART. You mean with the Army supply?

Mr. BROWN. Yes.

Mr. HART. That would be a rather appreciable amount, because the 253,000 tons is against a production of about—this year, approximately 690,000 tons of commercial. We differentiate between the two. The Army program of about 253,000 tons would make a total of about 950,000 tons approximately, of which we export about 315,000 tons. That would be about 33⅓ percent.

Mr. BROWN. I want to get that straight. There was some witness yesterday who thought there was 15 or 20 percent exported. He called

on another witness who said 9 percent. Now you say 5 percent. But when you add it all up it is $33\frac{1}{3}$ percent.

Mr. HART. I said 9 percent of the commercial production. You see the priority system has no association whatsoever with the Army production, nor its distribution. All we are concerned with in the Department of Commerce is that portion, 61,000 tons, which is approximately 9 percent of our domestic production.

Mr. BROWN. I know, but that is fertilizer produced here. It does not make any difference if the Army does produce it. It is still produced here in this country.

Mr. HART. That is right, but we still have no control over it.

Mr. BROWN. I know, but still our people are calling for fertilizer all over the country and cannot get it. I do not think other countries ought to have more of our fertilizer than we furnish to our own people.

Mr. McCoy. If the Army had not reactivated those plants, there would have been a drain on our own commercial supply.

Mr. BROWN. I understand. The plants belong to the people.

Mr. McCoy. That is right, sir.

Mr. HART. Mr. Congressman, it may be of interest to you to know that the stated requirements in this country by the Department of Agriculture is about 900,000 tons, there should be available during the current year 817,000 tons of the 900,000 tons required.

Mr. BROWN. I was very much impressed by the statement of Congressman Abernethy yesterday who seemed to know about this, to the effect that the Army can supply the needs of those people over there.

Mr. McCoy. The occupied areas, I mean.

Mr. BROWN. Not only the occupied areas. You are shipping now 61,000 tons to other countries over and above what the Army is shipping. That would mean a great deal to the people of this country if they could get it.

Mr. HART. It might be well to realize that we are getting in, by this allocation system of the International Emergency Food Committee, 3 tons for every one that we export.

Mr. BROWN. But you do not receive any from any of those countries to whom you are exporting?

Mr. HART. No; we get it from other countries: Canada, Chile, a little from Norway, and a small amount from Yugoslavia.

Mr. BROWN. Well, practically all we receive comes from Canada and Chile. We are not exporting any to those countries?

Mr. HART. No, sir; it is a world distribution pattern. The International Emergency Food Council is distributing the available nitrogen throughout the world to the most needy areas.

Mr. COLE. Mr. Chairman.

The CHAIRMAN. Mr. Cole.

Mr. COLE. Do I understand you to say, then, that this particular plant in Kansas is not directed by the Government in any fashion whatsoever as to how it shall dispose of its product?

Mr. HART. Other than they have to set aside 16 percent of their production for the Government.

Mr. COLE. They may sell to whomever they wish, and wherever they wish?

Mr. HART. That is correct, sir.

Mr. COLE. Mr. Chairman, would it be possible, before this hearing is completed, to have someone from the Army come in and testify concerning this fertilizer problem? I think it is a part, as Mr. Brown suggested, of this problem.

The CHAIRMAN. I would think that would be possible. We will try to get someone from the Army Department to appear.

Mr. COLE. That is all.

Mr. MULTER. Mr. Chairman, will the witness please tell us whether or not the Army allocation are part of the International Emergency Food Council allocations?

Mr. HART. They are not.

Mr. MULTER. Are they considered at all in arriving at those allocations?

Mr. HART. They are not. We have no say in the matter, either through the International Emergency Food Committee or the Department of Commerce. We have no say about what the Army is doing.

Mr. MCCOY. The Army is taking complete responsibility for supplying the occupied areas with nitrogen. That is out of this program.

Mr. MULTER. If the distribution or allocation of all of this Army and commercial were subjected to one authority, do you have any opinion on how it should then be allocated?

Mr. HART. I would like to say, if you are asking me, that I have some very definite opinions on how it should be allocated.

Mr. MULTER. I think we would like to have them.

Mr. HART. The point is this: I am not prepared to sit here and tell you how it should be distributed by countries, by tons. But I do feel that if some of the Army production was going into our European program, that it would relieve the situation very much. However, that has been discussed with the Army, and if you permit me, I will ask you to wait until you get the Army witness on the stand and he may be able to give you a better answer than I can.

The CHAIRMAN. The point, as I understand it, which you are making is that the Army distributes more per capita in the occupied zones than we distribute here in the United States per capita?

Mr. HART. That may be true, Mr. Chairman. But I do not know.

The CHAIRMAN. You could not verify that statement?

Mr. HART. No, sir.

The CHAIRMAN. We will try to have somebody from the Army Department.

Mr. BROWN. That statement was made on the floor yesterday, Mr. Chairman.

Mr. KILBURN. How long do you want these controls to continue?

Mr. HART. The fertilizer year runs from July 1 to June 30. We are experiencing a good bit of difficulty right now, on the part of the producers who obviously would rather retain the material here in the United States and do not want to ship, so that we are not getting the shipments in February which we should get because they are hoping that if controls do go off, they will not have to perform. Therefore, in answer to your question, I would like to see it run until June 30 of 1949. That would give us a complete fertilizer year, during which we could spread the shipments and relieve the impact of those shipments on our domestic distribution.

Mr. KILBURN. You want them to continue just as is, or do you want a revision of these controls?

Mr. McCoy. I think we will stick to the phase of the fertilizer program we are concerned with, which is the commercial production—that is, excluding the Army production.

Mr. KILBURN. Do you want the present controls changed in any way?

Mr. McCoy. No.

The CHAIRMAN. Are there further questions of Mr. McCoy?

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. I am not clear on this matter of dismantling of plants in Germany. Have not some plants been dismantled there which might have been employed for the manufacture of fertilizer?

Mr. HART. I think we can speak with some assurance regarding the Bizonia area. There have been no plants dismantled which are capable of producing nitrogen. Now, there have been rumors and we have heard rumors of plants being dismantled in the Russian zone. I am sorry, sir, but I do not believe there is anybody in position to answer that question at this time.

Mr. TALLE. Were all ordnance plants destroyed during the war?

Mr. HART. Were all ordnance plants in Germany destroyed?

Mr. TALLE. Yes.

Mr. HART. No, sir; not all completely destroyed. There were some that could be reactivated and have been reactivated. So that we are producing some material in Germany at the present time. There is one plant at Linz, Austria, in particular, from which the Army is getting a rather appreciable amount. Again, I would rather keep away from the Army program and let you direct questions to the Army itself.

Mr. BUFFETT. Will you yield?

Mr. TALLE. Yes.

Mr. BUFFETT. You say no plants were dismantled that make nitrogen. Were there any plants dismantled that made any kind of fertilizer or any kind of substantial component of fertilizer?

Mr. HART. No. I have in mind now potash, which is not exactly along the lines we are discussing today. Potash mines, which were located in Germany, were disrupted. There is some talk about the mines having been flooded. How true that is, I do not know. But whatever could be done to try to bring those facilities back into production has been done and is being done now.

Mr. BUFFETT. You are assuring us that no plant which was a substantial contributor to the production of fertilizer has been dismantled in Germany; is that correct?

Mr. HART. Not to our knowledge.

Mr. BUFFETT. That is, in the British or American Zone?

Mr. HART. That is right.

Mr. TALLE. Where are the stock piles of tin kept?

Mr. McCoy. The stock pile that we have is under the supervision of the Munitions Board, of course, of the Military Establishment. I do not know where it is physically located.

Mr. TALLE. You are an expert in the field, are you not?

Mr. McCoy. Not in the field of tin; no, sir. Would you like to ask some questions about it?

Mr. TALLE. Just one. I would like to know: What are the physical conditions that are regarded as favorable to the stock piling of tin?

Mr. McCoy. I should like to have Mr. Erwin Vogelsang, our tin specialist, answer that.

Mr. VOGELSANG. At the present moment, Congressman, I do not think the outlook is very good, unless we continue to control the tin, and we take care of new tin, as production increases.

Mr. TALLE. My question referred to physical conditions, such as temperature and so on.

Mr. VOGELSANG. Tin can be stored forever. Except it has to be kept out of very cold areas. But occasionally—it is very seldom reported—tin gets what is known as the tin disease, but that is practically non-existent at this time, and there is no difficulty in the storing of tin.

Mr. TALLE. What is your source of scrap?

Mr. VOGELSANG. Old alloys such as solders, old bronze, used tin cans.

Mr. TALLE. Used tin cans?

Mr. VOGELSANG. Very little. We get a lot of tin off the clean scrap—in other words, the cuttings, which are the result of manufacturing cans. We get quite a little tin back out of that.

Mr. TALLE. Now, I have a question on fats and oils. Should that be directed to someone else?

Mr. McCoy. Yes; the Department of Agriculture.

Mr. TALLE. One further question. On page 16 of your prepared statement, Mr. McCoy, you say:

Bolivia will be largely lost as a source of supply for the first half of 1948, since almost all of its output for that period has been purchased by foreign interests.

Are you at liberty to say who those foreign interests are?

Mr. McCoy. The British contracted for the delivery of that output during the first half of this year.

Mr. TALLE. Is that in keeping with our international agreements on matters of this sort?

Mr. VOGELSANG. Yes. There is a free purchase of antimony anywhere, and they paid a higher price for it.

Mr. BUFFETT. You mean that this international trade organization made no effort to stop this kind of unilateral contract for the entire production of an item in Bolivia?

Mr. McCoy. This was a straight commercial proposition, and British interests made an arrangement with producers to buy their output.

Mr. BUFFETT. What opportunity did American interests have to bid in that picture?

Mr. McCoy. An equal one.

Mr. BUFFETT. They were not under any kind of restriction by the Government?

Mr. McCoy. No.

Mr. VOGELSANG. No.

Mr. BUFFETT. Wait a minute, now; if they bought tin——

Mr. McCoy. This is antimony.

Mr. BUFFETT. That is not under controls?

Mr. McCoy. It is under distribution controls here.

Mr. BUFFETT. Well, of course, then, there is a restriction on an American firm who bought it because they would have to handle it in accordance with your regulations.

Mr. McCoy. In this country, but no restrictions on any private firm which wishes to buy antimony anywhere and bring it into this country.

Mr. BUFFETT. Of course, if there is a restriction on what I can do with something after I buy it. That is a very definite restriction on my purchasing it, is it not?

Mr. McCoy. Yes, but it is not a restriction on use. It is just distribution. There is no restriction on antimony as to the use of it, so that a private concern can buy antimony and bring it into this country and distribute it into a free market, except that it has to observe our distribution controls.

Mr. BUFFETT. But, of course, those distribution controls are a very real limitation on a firm, are they not?

Mr. McCoy. Not on use, no, sir.

Mr. VOGELSANG. It is merely an inventory control.

Mr. BUFFETT. Pardon?

Mr. McCoy. It is purely an inventory control. If anybody wanted to buy a large quantity like that, he probably could have gotten special dispensation to accumulate this particular antimony.

Mr. BUFFETT. Will you send me a copy of the regulations governing the individual firm's use of antimony?

Mr. McCoy. Yes.

Mr. BUFFETT. That is a very strange situation. I am unable to comprehend it.

Mr. TALLE. I have one more question, Mr. Witness.

On page 9 of your statement, you say:

The Department of Commerce does not feel that higher prices for tin will materially increase world production.

Will you expand on that a little? I do not quite understand your point.

Mr. VOGELSANG. We feel this way about it, Congressman: The price of tin has already risen substantially over what it was 2 years ago, so that the price is considerably higher. The limitation on production is largely one of the lack of facilities in the large producing areas, like the far eastern areas. Those are gradually being built up and will be back to normal sometime, but I do not think that an immediate advance in the price would bring out more tin immediately. And I think that the present price is a fairly high one, at which most of them can produce. There is some argument about it, naturally, but I think they could probably produce tin at present prices if all of their facilities were operating at full capacity, which they are not.

Mr. TALLE. Is it due to lack of equipment and labor?

Mr. VOGELSANG. It has been, to a large extent, in Malaya, lack of equipment.

Mr. TALLE. Mostly lack of equipment; is that correct?

Mr. VOGELSANG. That is right.

Mr. TALLE. Equipment destroyed during the war?

Mr. VOGELSANG. Not so much destroyed as damaged, or used up—it was worn out by the Japanese and they never replaced anything in the way of equipment that was worn out. It has taken a long time to get the material back there.

Mr. TALLE. Would you regard the last sentence in that paragraph as pointing out something that would be disadvantageous to us?

Mr. McCoy. With regard to the reduction in supplies for other countries?

Mr. TALLE. Yes.

Mr. McCoy. I think it would. If normal market forces could operate, and we could pay a higher price, and thereby get more tin, I am sure there would be requests to the United States to supply other countries with more tin plate or other products since they would not have the tin with which to make the needed amount of those products. It is quite obvious that, if we could expand our imports to our full needs, some other countries would be deprived of the tin they are now using, assuming that the increase in tin production does not come about any faster than it has been.

Mr. TALLE. Is the smeltery at Texas City operating at full capacity?

Mr. VOGELSANG. No.

Mr. McCoy. I do not think so. I think it has a larger capacity than that at which it has been operating, largely due, for a long time, to the inferior Bolivian ores. But now with imports of concentrates from the Far East, mixed with the Bolivian ores, a more satisfactory smelting job is being done.

Mr. TALLE. Would not the cost per unit of output be reduced if you operated at a greater capacity at Texas City?

Mr. McCoy. I think that would be the case.

Mr. VOGELSANG. There is no restriction against our purchasing all the concentrates we want to buy. That is not under any allocation program. The only part of the tin we get here that is under international allocation is pig tin. We can go out and buy all the concentrates that we can find, if we are willing to pay the price. There are other smelters throughout the world which also want to operate. They hang onto that portion which they need for their operation.

Mr. TALLE. What countries would be affected if we did increase the price and attract the materials to our country?

Mr. VOGELSANG. What countries would suffer?

Mr. TALLE. Yes.

Mr. VOGELSANG. Every country. None of them gets anywhere near the tin they would like to get at the present time. Largely, the Europeans countries. But every other country throughout the world needs greater quantities of tin—that includes Latin America, Africa, and so forth—though the larger quantity of it goes to Europe.

Mr. McCoy. Primarily the United Kingdom, Belgium, Norway, Spain, Canada, France, and India and Italy, which are normally producers of tin plate. This is one of the largest uses for tin.

Mr. TALLE. So your reference, then, is to the finished product which you call tin plate?

Mr. McCoy. That is right. Tin plate is the major item.

Mr. TALLE. That is all.

Mr. BROWN. I notice in a report by Mr. Krug, Secretary of the Interior, that the annual rate of production for nitrogen in the United States is about three times as great as it was before the war. Some of the ten synthetic ammonia plants built for war purposes are not being used at full capacity, particularly the four ordinance plants still held by the Government. Three of these plants are being operated by the War Department to produce fertilizer for the occupied areas.

Now, the production in 1947 was 250,000 tons. We were able to produce that much. But the designed capacity of these plants was 350,000 tons. I want to know why they do not go ahead and get these plants to produce at full capacity.

Mr. McCoy. When was that report written?

Mr. BROWN. That was on October 9, 1947.

Mr. McCoy. Well, they are now producing 253,000 tons; is that correct? The Army plants?

The CHAIRMAN. That was the report in which Secretary Krug said that our resources were such that we could go ahead with the Marshall Plan.

Mr. McCoy. Yes.

Mr. HART. Mr. Congressman, again, we are on an Army subject and I am trying to keep away from it because I feel the Army should answer those questions. That probably was marked capacity. Now there is what we commonly express in the industry "practical capacity." That is different from the capacity as you or I would see it. The practical capacity of a plant may be only about 80,000 tons, but they may set it down as 100,000 tons. You have certain stoppages, break-downs, and so on, which change your program. So your rated capacity sometimes varies from your practical capacity. During the war we went over our marked capacity, Mr. Congressman, quite a few times, when we were speeding up, we were way over the rated capacity, but obviously you could not keep up that rate indefinitely.

Mr. BROWN. Well, he states they are not being used at full capacity. There must be a reason for it.

Mr. HART. Again, if you do not mind, I wish you would take that up with the military because that is something over which we have no jurisdiction whatsoever.

Mr. TALLE. May I ask a question there, Mr. Chairman?

The CHAIRMAN. Mr. Talle.

Mr. TALLE. What improvements have been made within recent years in the metallurgy of tin?

Mr. VOGELSANG. In what respect—in the use or production of tin?

Mr. TALLE. Production.

Mr. VOGELSANG. The only improvements that have been made is the construction of the Texas City smelter which can produce tins from large quantities of low-grade ore which were never used before. I think they are making technical improvements down there all the time. I think they would have produced further improvements if, after they finished the plant in early 1942, they had put in other improvements in the way of machinery and other facilities which were denied them because of the shortage of machinery at that time, which was needed for the war effort. But they have been doing a pretty good job there. I do not say that it is perfect, but it is a better job than was done before.

Mr. McCoy. One outstanding development, Mr. Congressman, is the manufacture of electrolytic tin plate, by which a very thin coating of tin is put on sheet steel by the electrolysis method. We now have what is called quarter pound, half pound, three-quarter pound tin plate, produced by that method, which was not possible before the war. The hot-dip method put a much heavier coating of tin on the sheet steel. Now tin goes very much further in making tin plate as the result of the lighter weights of tin coating which are very satisfactory for a great many purposes.

Mr. TALLE. It would appear then that advancement has been made in both production and use.

Mr. MCCOY. Yes.

Mr. TALLE. Thank you.

Mr. COLE. Mr. Chairman.

The CHAIRMAN. Mr. Cole.

Mr. COLE. This is a Decontrol Act, and we are now attempting to return to a peacetime economy, Mr. McCoy. Why should not the authority with reference to tin be limited to an inventory control?

Mr. VOGELSANG. If you will allow me to answer that, one of the reasons why we are able to keep the tin consumption down to what it is is because of the specification controls and so forth which we have. Thereby we spread the consumption of tin.

Mr. COLE. Well, that does not mean much to me. It may sound good theoretically, but I am concerned, for instance, about your experts going into the brass manufacturing plants and telling them exactly how much tin they may use. I am concerned a little bit about your experts going into the canning industry and telling them how much tin they can use, and what sort of tin they can use, and so on, with reference to every type of can they produce. I am concerned about your going down into the industry in connection with tin, and examining every operation of the industry. I do not see why, if you were to determine how much tin a particular industry is entitled to, let them have it, let them use it as they see fit—what business is it of ours how they use that particular tin? For instance, if a brass manufacturer has so much tin, let him use it in any way that he cares to, rather than have the Government experts tell him how he may manufacture his brass.

Mr. VOGELSANG. I think you will find that, with the amount of tin that is available, this would cause a great deal of disruption throughout the industry.

Mr. COLE. I do not think it would. I think it would help industry.

Mr. MCCOY. I mentioned that in connection with our allocation of tin. There is not enough tin available to us to meet all of our needs for our purposes. That is obvious. There are two ways to distribute it. A rationing system, by which everybody gets something—such as consumer rationing.

The other method is a selective distribution to the most needy uses—for example to food processing, which we all, I think, agree is necessary. Tin is necessary for processing of food, and there are other uses for which there is no substitute for tin—bearings and other alloys—and if tin is not available, that would affect very seriously the production of machinery, automobiles, aircraft, and so forth. So instead of distributing tin to all users, spreading it around just as thin as it would go to all users, we have selected the method of distributing to the uses for which there is no tin substitute, and which are vitally important to the economy as a whole. That makes it necessary, then, to do several things: one is to restrict the amount of tin used for certain purposes, and to put specification controls into effect, so that you actually conserve tin by a specification control, thereby allowing the available tin to go much farther.

For example, I mentioned the electrolytic tinplate, which was developed during the war, as a method of coating more sheet steel to be used in containers, with a much smaller amount of tin. In order

M-81, as to the use of cans, we asked manufacturers, required them, to use the lightest possible tin coatings that are safe to use for certain kinds of food.

Mr. COLE. What difference does it make to you, or to me, or to the Government, how that manufacturer uses the amount of tin that he has. I cannot see that it makes any difference to us.

Mr. McCoy. It would make no difference to us at all if we did not have the responsibility for making our short supply of tin go around as far as possible.

Mr. COLE. Is that your job?

Mr. McCoy. It is, I take it, as long as the Congress gives authority, and considers it necessary in the national interest that we shall make the widest possible use of a scarce material.

Mr. COLE. I understand that you allow each manufacturer so much tin, or each division of the industry—

Mr. McCoy. Each permitted end use, yes.

Mr. COLE. Each end use?

Mr. McCoy. That is right.

Mr. COLE. But I still cannot understand why you must tell them how much tin they can use in each individual product. It seems to me that is as though, when we had food rationing, you were to say, "You may take this steak home, but we want you to cook it in this fashion because you will get more use out of it."

Mr. McCoy. We do that only that the tin may be spread as far as possible over as large a segment of industry as possible. The specification control, for instance, on how much tin goes into solder. But we put no limitations on what solder shall be used for, as a general thing.

We allocate pig tin for tinplate. So much is allocated for tinplate. And until we put the new conservation measures into effect—or if they do go into effect—there were no restrictions on the amount of cans that might be made for any one purpose. There was a restriction on the coating weight of tin plate to be used in a can for a certain product, but that had been worked out with industry. We merely had that control in order that there would not be the use of heavier coated tinplate than was necessary for that particular purpose, thereby wasting tin. Specification controls, therefore, and allocation controls, by end use, are all for one purpose only, and that is to conserve tin.

Mr. COLE. I think your purpose is good.

Mr. McCoy. And to get the widest distribution. And there are still some uses for which tin is prohibited because there is not enough to supply the uses whose need for tin is more essential.

Mr. KILBURN. How does industry itself feel about your regulations?

Mr. McCoy. Well, there has never been any regulation by the Government that has been completely and wholly accepted by industry.

Mr. KILBURN. On the point he makes—

Mr. VOGELSANG. I think I can say from my experience, which has been since 1941, in this business, that we have built up very good public relations with industry, and I find that practically—well, I will not say unanimously, but by far the largest proportion of industry is in favor of the operations as we have carried them out.

Mr. McCoy. There are objections from manufacturers who do not get enough. You will probably hear them, if those who feel that they are not getting enough tin for their particular purposes come up.

Mr. TALLE. May I ask a question or two about the sources of tin ore? I believe the Texas City smelter gets its ore from Bolivia and the Netherlands; is that right?

Mr. VOGELSANG. And some from Siam also.

Mr. TALLE. Some from Siam?

Mr. VOGELSANG. Yes.

Mr. TALLE. Is Malayan tin ore a good ore?

Mr. VOGELSANG. A very good ore.

Mr. TALLE. As I understand it, that is all under British control, is it not?

Mr. VOGELSANG. Yes, it is a British possession.

Mr. TALLE. And that is the best source, really, of tin ore?

Mr. VOGELSANG. Well, at the moment it is not. They have not brought that back into production as yet. They have a sufficient smelting capacity to produce more tin there than they ever produce in the form of concentrates.

Mr. TALLE. Is it true that there is a 45 percent ad valorem tax on the ore exported from there to other than British Empire countries?

Mr. VOGELSANG. That is correct. It has been in existence since 1903.

Mr. TALLE. That arrangement was not disturbed at all, was it, at the Geneva Trade Conference?

Mr. VOGELSANG. Yes, it was. It was disturbed to this extent, that they agreed to waive that prohibitive export tax and allow us to get some of the stuff, as long as we did not subsidize the smelter.

Mr. TALLE. Will you clarify that point?

Mr. VOGELSANG. In other words, they said that they would be willing to waive this 45 percent tax and sell concentrates to the rest of the world on the same basis so they are selling it domestically—that is, to their own people—but only so long as the smelter to which it was going was not subsidized by a Government.

Mr. TALLE. In other words, that would stop the smelter in Texas City from getting any of it?

Mr. VOGELSANG. At this particular moment, yes.

Mr. MCCOY. To the extent that we subsidize that smelter, yes.

Mr. VOGELSANG. Or have.

Mr. TALLE. In other words, this 45 percent ad valorem tax imposed by Britain is an effective stopper to getting any tin ore for us to use at the Texas City smelter.

Mr. MCCOY. At the present time, yes.

Mr. TALLE. That is all.

The CHAIRMAN. Have we been exporting tin to the United Kingdom?

Mr. VOGELSANG. Very, very minor quantities. The amounts we export are infinitesimal.

Mr. MCCOY. He said to the United Kingdom, did you not, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. VOGELSANG. Oh, no, we do not export tin to the United Kingdom.

The CHAIRMAN. Have you some table which would give us some information as to the world production and distribution of tin by countries before the war, and a table to show the world production and distribution of tin by countries now?

Mr. VOGELSANG. Yes. That is, we do not have the actual uses now. We can probably give you the figures of the tin as it has been distributed by the Combined Tin Committee lately.

The CHAIRMAN. Will you put that in the record for us?

Mr. McCoy. That is the production and distribution of tin prewar?

The CHAIRMAN. We would like to find out where we used to get our tin. We never used to make any tin plate here. Surely we were not an exporter of tin before the war. Now we are. I would like to get some idea as to where we used to get our tin, what countries manufactured it before the war, and we might come to some conclusion as to why there is a shortage of tin in the world today.

Mr. McCoy. Do you want that information for tin plate, too, Mr. Chairman? You suggested tin.

The CHAIRMAN. I think perhaps we should have some information as to the sources of tin concentrates and tin ores—what happens to those.

Mr. VOGELSANG. Before the war we did not get any. We did not have any smelting capacity. We bought all our tin, before the war, in the form of pig tin.

The CHAIRMAN. I think perhaps the most important information would be as to the smelting of tin throughout the world by various countries. Where was the largest prewar production?

Mr. VOGELSANG. Malaya.

The CHAIRMAN. Put some information along those lines in the record.

Mr. McCoy. Yes, sir.

(The document above referred to is as follows:)

STATISTICS ON TIN AND TINPLATE PRODUCTION AND DISTRIBUTION

(Supplementary information supplied by H. B. McCoy, Director, Office of Materials Distribution, Department of Commerce, upon request of the House Banking and Currency Committee during hearing on February 25, 1948)

Production of tin in ore, 1935-39, 1946

[Long tons]

	1935	1936	1937	1938	1939	1946
Belgian Congo.....	5,301	6,301	8,942	8,820	8,964	14,091
Nigeria.....	6,557	9,738	10,782	8,977	9,428	10,338
Bolivia ¹	27,168	24,074	25,025	25,371	27,215	37,619
Burma.....	4,636	5,134	5,260	5,014	5,441	-----
China.....	9,398	10,664	10,457	11,246	10,859	1,320
French Indochina.....	1,310	1,381	1,577	1,596	¹ 1,250	-----
Malaya.....	42,385	66,719	77,265	43,360	46,827	8,432
Netherlands East Indies.....	20,185	30,729	39,134	27,298	27,809	6,450
Siam.....	9,876	¹ 12,678	¹ 16,404	14,704	¹ 16,970	1,056
United Kingdom.....	2,050	2,099	1,983	2,010	1,632	793
Other countries.....	9,200	9,600	10,600	11,300	10,600	8,200
World.....	138,000	179,000	207,500	159,500	167,000	88,500

¹ Exports, as production figures are not available.

Source: Statistical Bulletin of the International Tin Study Group) vol. I, No. 1.

Production of tin metal, 1935-39, 1946 (smelter production)

[Long tons]

	1935	1936	1937	1938	1939	1946
Belgian Congo.....	1,588	1,955	2,313	2,283	4,124	4,210
China.....	8,400	9,642	9,042	10,562	9,892	1,299
Malaya.....	60,479	84,616	95,372	63,746	80,523	11,533
Belgium.....	5,213	4,638	6,407	7,021	3,965	1,405
Netherlands.....	16,024	21,495	27,561	25,342	14,430	945
United Kingdom.....	¹ 30,000	¹ 34,000	¹ 34,000	¹ 36,000	¹ 35,000	28,680
United States.....	178	179	151	-----	500	43,468
Other countries.....	14,200	18,500	21,400	15,600	22,200	5,700
World.....	136,000	175,000	196,000	160,500	170,500	97,000

¹ Estimated.

Source: Statistical Bulletin of the International Tin Study Group, vol. I, No. 1.

Apparent tin consumption, 1935-39, 1946

[Long tons]

	1935	1936	1937	1938	1939	1946
Egypt.....	558	484	463	487	342	450
Union of South Africa.....	424	409	643	436	642	823
Other Africa ¹	387	490	427	397	185	74
Argentina.....	1,285	1,365	1,410	1,122	1,734	⁴ 500
Brazil.....	772	849	914	682	1,260	⁴ 850
Canada.....	2,088	2,164	2,625	2,355	2,601	3,300
Chile.....	189	146	209	161	130	¹ 150
United States ²	62,470	73,039	86,663	50,722	70,352	57,000
Other American ¹	505	466	518	379	380	413
China.....	1,183	1,125	423	389	⁴ 400	-----
India.....	2,541	2,293	2,595	2,494	3,524	¹ 2,900
Japan.....	6,221	6,403	8,190	10,963	11,184	-----
Netherlands East Indies.....	370	363	450	416	650	-----
Turkey.....	455	433	583	627	266	450
Other Asia ¹	493	524	604	553	284	352
Belgium.....	1,250	1,336	1,520	1,618	1,217	⁴ 1,500
Czechoslovakia.....	1,278	1,685	1,732	1,561	853	⁴ 500
Denmark.....	613	687	725	791	1,236	777
Finland.....	262	257	294	330	299	347
France.....	8,211	9,721	9,176	9,118	7,726	⁴ 5,500
Germany.....	11,083	9,164	12,368	13,474	⁴ 11,000	-----
Hungary.....	473	638	618	719	633	93
Italy.....	6,641	3,929	3,601	4,649	3,716	⁴ 660
Netherlands.....	1,232	1,284	1,470	1,400	1,220	⁴ 1,500
Norway.....	545	546	595	527	674	545
Poland.....	907	1,322	1,271	1,819	⁴ 1,200	¹ 4,500
Portugal.....	272	214	250	214	⁴ 270	⁴ 250
Romania.....	272	270	400	323	283	-----
Spain.....	1,713	¹ 661	¹ 942	¹ 1,082	¹ 854	⁴ 600
Sweden.....	1,900	1,691	1,889	2,875	2,917	568
Switzerland.....	1,001	1,109	1,100	1,259	1,101	628
United Kingdom ³	21,427	21,860	25,971	18,290	27,279	25,606
U. S. S. R.....	7,311	9,664	¹ 25,125	¹ 16,174	¹ 2,124	¹ 1,474
Yugoslavia.....	321	387	326	350	472	-----
Other Europe.....	416	511	471	406	382	140
Australia.....	1,904	2,179	2,275	2,082	2,272	⁴ 2,000
New Zealand.....	227	232	274	256	338	250
Total world.....	149,200	159,900	199,100	151,500	162,000	110,700

¹ Imports of country in question as shown from the trade returns of other countries exporting to it.² 1940-44 source: Bureau of Mines, 1941 including small tonnages of secondary pig tin.³ As from 1942 source: Ministry of Supply, showing real consumption.⁴ Estimated.

Source: Statistical Bulletin of the International Tin Study Group, vol. I, No. I.

United States imports of tin

[Long tons of tin content]

Source	1938	1939	1946
Concentrate:			
Belgian Congo			7, 214
Bolivia		500	28, 566
Netherlands East Indies			2, 206
Other			130
Total		500	38, 116
Metal:			
Belgium	395	1, 320	
Belgian Congo	75	100	628
British Malaya	36, 673	46, 785	
China	2, 034	3, 259	
Hongkong	1, 204	1, 062	
Netherlands East Indies	3, 096	5, 316	1, 847
Netherlands	2, 216	1, 008	
United Kingdom	3, 287	10, 698	4, 208
Other	669	554	33
Total	49, 699	70, 102	6, 716
Total (concentrate and metal)	49, 699	70, 602	44, 832

Source: 1938-39 Minerals Yearbook, 1946, Office of Materials Distribution.

Allocations of tin metal by the Combined Tin Committee 1947

[Long tons]

Country :		Country—Continued	
Egypt	250	Austria	263
Argentina	175	Czechoslovakia	1, 080
Brazil	215	Denmark	385
Canada	2, 565	Eire	30
Chile	49	Finland	179
New Foundland	5	France	7, 749
Uruguay	45	Germany	340
U. S. A	31, 126	Greece	60
Other Latin America	80	Hungary	203
Ceylon	62	Italy	1, 597
Hongkong	263	Norway	264
India	5, 054	Poland	663
Palestine	113	Sweden	1, 093
Philippines	18	Switzerland	887
Turkey	370	Yugoslavia	263
Other Middle East	100	Middle East and L. America	200
Australia	525		
New Zealand	526	Total	56, 797

Source: Statistical Bulletin of the International Tin Study Group, vol. I, No. I.

World tin-plate production (estimated)

[Gross tons]

Year	United States	United Kingdom	Belgium	Norway	Spain	Canada	France	India	Italy	Japan	Other countries ¹	Total world ¹
1937-----	2,463,157	957,800	n. a.	19,487	8,948	119,010	121,000	55,312	n. a.	n. a.	664,839	4,309,553
1938-----	1,444,926	612,500	678	15,498	35,369	26,418	128,603	46,633	n. a.	n. a.	681,472	2,962,097
1939-----	2,287,009	919,400	4,171	16,142	32,220	37,592	132,713	59,065	n. a.	n. a.	649,395	4,137,677
Total-----	6,195,092	2,489,700	4,849	51,127	76,537	182,996	382,316	161,010	n. a.	n. a.	1,995,706	11,439,327
1945-----	2,596,231	311,100	n. a.	2,653	9,723	109,904	9,523	17,938	n. a.	n. a.	125,351	3,182,423
1946-----	2,580,270	439,000	5,953	7,976	11,344	12138,590	47,000	26,864	4,857	n. a.	n. a.	3,211,704
1947-----	3,313,221	1,532,000	114,000	14,800	111,000	12152,100	157,600	142,000	16,900	4,300	n. a.	4,137,921
Total-----	8,439,722	1,282,100	19,953	15,429	32,067	400,504	114,123	86,802	11,757	4,300	125,351	10,532,108
Increase (+) or decrease (-) over prewar----	+2,344,630	-1,207,600	+15,109	-35,698	-44,470	+317,514	-268,193	-74,208	1/2(?)	(?)	1,870,355	-907,219

¹ Estimated.² Estimated by Office of Materials Distribution, Department of Commerce.³ Includes Russia, Germany, Italy, Czechoslovakia, Japan, and other smaller nations.

NOTE: United States production has been converted to gross tons to place it on a comparable basis with other countries.

Source: United States figures—American Iron and Steel Institute; these figures include tonnage. All other figures—International Tin Research and Development Council, The Hague, Netherlands.

The CHAIRMAN. Is that a matter of plant equipment, at this time, in Malaya?

Mr. MCCOY. Largely, yes. Also, the country is largely disrupted.

The CHAIRMAN. What are the British doing about building it up?

Mr. VOGELSANG. They are building it up, but not as rapidly as the tin industry in Malaya itself thinks it should be. In fact, the question was brought up a number of times in the House of Commons as to why the Government had not assisted the tin industry more than it has in rehabilitating their facilities, because that was one of the best sources of dollar supplies that they had. But they did not do that.

The CHAIRMAN. You probably would not know why any more than we would know.

Mr. VOGELSANG. No; I would not know.

We have been perfectly willing to assist the Malaya producers with priorities on materials and equipment at any time they indicated a desire to have that kind of assistance in order to increase the production of tin.

Mr. KUNKEL. Is the Texas City smelter designed particularly to handle South American ores?

Mr. VOGELSANG. Yes.

Mr. KUNKEL. Can it handle any kind of ore, or—

Mr. VOGELSANG. Oh, no; it will handle the Bolivian ores, and will handle any amount of so-called alluvial concentrates, which is the kind that comes out of the Netherland East Indies, Malaya, Siam, and any other country.

Mr. KUNKEL. In other words, if it can handle the Bolivian ores, then it can much easier handle any of the others?

Mr. VOGELSANG. That is right. There are very few other smelters in the world—in fact, only two—that can handle the Bolivian ores at all—one a very small one in England and one in Holland.

Mr. KUNKEL. And the Texas City one is still the only one in the Western Hemisphere, is it not?

Mr. VOGELSANG. That is right.

Mr. RILEY. Mr. Chairman.

The CHAIRMAN. Mr. Riley.

Mr. RILEY. Mr. McCoy, do we get any tin ore from China?

Mr. VOGELSANG. Yes; there has been some coming out of China. Of course we do not know what the production is there. There is no way of finding out. There have been stocks there which have been allocated by the Combined Tin Committee to the various countries and we have received, and are receiving constantly, tin out of there in moderate quantities.

Mr. RILEY. Do you know what country most of that ore is going to?

Mr. VOGELSANG. Well, there is no ore coming out of there at the present time. What comes out is tin. And it is not a grade A tin; it is a lower grade of tin. It runs about 99 percent as against 99.85 percent of the so-called grade A tin. But it is useful for many purposes.

Mr. RILEY. Do they have their own smelter?

Mr. VOGELSANG. Yes; they have their own smelter.

Mr. RILEY. It is not economical to ship ore to China for smelting?

Mr. VOGELSANG. It has never been shipped there, Congressman. Even prewar they always handled all the tin that was smeltered

right in China. It is probably a very primitive way of doing it, but with the cheap labor they have there it does not make much difference to them. There was never any ore concentrate shipped out of China that I know of.

Mr. RILEY. Their resources in tin are large, are they not?

Mr. VOGELSANG. Yes; they are presumed to be quite large. It is all part of that same half-moon area out there in which tin is found, which starts down just north of Sumatra and curves around through Malaya, through Burma, Siam, French Indochina and into southern China. It is a half-moon on the map. There is tin all through that area.

Mr. RILEY. Do transportation facilities have any thing to do with the situation?

Mr. VOGELSANG. I do not know much about them, except that they are very poor at the present time.

Mr. RILEY. Thank you, sir.

Mr. FOLGER. Is there any tin ore in Mexico?

Mr. VOGELSANG. Very little. In fact, the smelter has occasionally bought that, too—that is, the Texas smelter has bought odd lots in Mexico. But they do produce certain amounts of tin there themselves, which is also off-grade tin and which is used in that country.

Mr. FOLGER. Did I understand you to say that it is off-grade tin?

Mr. VOGELSANG. What they produce in the way of pig tin is very much off-grade. It is not a high grade tin such as we like to get over here, to the greatest extent.

Mr. FOLGER. The reason I happened to ask that question is because I had a friend in my home town who married in Mexico. He spent a great deal of time there and wanted to go into the tin smelting business in Mexico. He was trying to get some arrangement by which he might get transportation for his product into this country. He seemed to be having trouble. In fact, so much trouble that he gave it up, notwithstanding the fact that he had the financial ability to do it.

Mr. VOGELSANG. I do not know why he should have any trouble. After all, we get all sorts of other things out of Mexico, such as lead, copper and things of that sort.

Mr. FOLGER. He thought that while some people could get the transportation facilities, he could not. I was curious to know to what extent the tin ore in Mexico is available.

Mr. VOGELSANG. It is very scattered.

The CHAIRMAN. Are there any other questions?

Mr. McCoy, will you be available later on if we want you to come back after we hear some of the other witnesses?

Mr. McCoy. Yes, sir.

The CHAIRMAN. Thank you very much.

It is obvious that we cannot proceed any further at this time.

Mr. Dodd is here from the Department of Agriculture, but we anticipate that the questioning of him will be lengthy, so we will stand in recess until tomorrow morning at 10 o'clock, at which time we will hear from Mr. Dodd, Under Secretary of Agriculture.

(Whereupon, at 12 noon, the committee adjourned to 10 a. m., Thursday, February 26, 1948.)

EXTENSION OF THE SECOND DECONTROL ACT

THURSDAY, FEBRUARY 26, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee reconvened, pursuant to adjournment, at 10 a. m., Hon. Jesse P. Wolcott, chairman, presiding.

Present: Messrs. Wolcott, Gamble, Smith, Kunkel, Talle, Sundstrom, Kilburn, Cole, Banta, Spence, Brown, Monroney, Folger, and Buchanan.

The CHAIRMAN. We will proceed with the hearings relating to the continuance of certain parts of the Decontrol Act of 1947.

We have with us this morning Mr. Norris E. Dodd, Under Secretary of Agriculture.

Mr. Dodd, we are very happy to hear from you. You may proceed.

Mr. Dodd. I have a very short statement, Mr. Chairman, and I also have with me some of the people in charge of the various branches of our department having to do with this policy, who are here to answer some technical questions which I may not answer in the course of my statement.

The CHAIRMAN. Very well.

STATEMENT OF NORRIS E. DODD, UNDER SECRETARY OF AGRICULTURE

Mr. Dodd. It has been the consistent policy of the Department of Agriculture to recommend to the Congress that it grant authority for emergency controls, such as those exercised during the war, only when and to the extent necessary to protect the national economy of the United States and the carrying out of its international responsibilities.

At the present time the only controls remaining of the numerous controls exercised during the war by this Department under the Second War Powers Act are those provided for in the Second Decontrol Act of 1947. These controls, by the terms of the act, will expire on February 29, 1948, unless extended. The existing world situation with reference to the commodities presently under control is such that this Department considers it essential that the controls provided for in the Second Decontrol Act with respect to fats and oils, rice and rice products, nitrogenous fertilizers, and tin and tin products be continued.

The Congress has recognized the fact that for this country to fulfill its international responsibilities and achieve its foreign policy objectives it must assist in the economic reconstruction and development of other countries devastated by the war. Limited import controls are

needed in order to assure equitable international distribution, through international organizations such as the International Emergency Food Committee of the Food and Agricultural Organization, United Nations, of certain materials which are in critical short supply on a world-wide basis. The continuation of the power to grant limited priorities assistance for export is required to fulfill the international responsibilities of this country and to protect the domestic economy. The domestic economy further requires continued protection by restricting the domestic distribution and use of tin and tin products for which we are substantially dependent upon import in order to assure the availability of minimum supplies for the most urgent purposes. This Department does not have administrative responsibility for the exercise of controls over fertilizers and tin, but it is directly concerned with the availability of sufficient supplies of these commodities for the uses needed to produce and conserve food.

World supplies of fats and oils continue to represent one of the chief postwar deficiencies in agricultural commodities and careful and equitable distribution of available supplies will be required. Continuing implementation of the recommendations of the International Emergency Food Committee will be needed to insure this equitable distribution. Supplies are not adequate to meet urgent demands and they are not expected to be for a considerable period of time. Without authority to control imports, the United States would not be in a position to participate effectively in cooperative international distribution plans. This could have serious impacts on both the international situation and our domestic economy. There would be danger that some countries might invoke special export controls which would be harmful. Moreover, some countries which seriously need fats and oils imports might be left out in the international scramble for short supplies. Such a situation would impede the efforts which this country is making to establish world stability.

Insofar as the domestic situation is concerned, a break-down of international distribution would place a greater strain on the United States in carrying out the responsibilities which rest upon it. The United States is a net importer of fats and oils and the elimination of controls very likely would result in larger importations into the United States and make necessary larger exports by it in order to maintain the proper net import balance to which this country is committed. Even if export permits were increased to correspond to such increased imports, there would be a considerable unavoidable time lag in making these increases, with resulting confusion and price fluctuations in the United States. It is anticipated that in 1948 the recommended International Emergency Food Committee allocation for the United States will contemplate net imports of about 117,000 metric tons plus imports of some specialty oils which are not under recommended allocation.

Rice is another food commodity which is still in very short supply compared with world needs. Problems of distribution are increased by the fact that limited areas produce the surpluses for the relatively large number of countries which must import rice.

The lifting of import controls on rice in the United States would bring about inevitable pressures and distortions of the existing patterns of distribution. These have been worked out carefully, in cooperation with the International Emergency Food Committee.

Rice supplies are so critical that any material change in the agreed distribution plan would bring acute suffering in many countries. The United States could not insist that other countries maintain controls if this country permitted unrestricted imports.

We do not need imports for our rice-consuming population here at home. Any such movement would, therefore, merely result in making rice available for reexport. The net result would be a slowing down of rice distribution to the major rice-eating countries, confusion and price fluctuations in the United States, and the possibility of some reduction in the amounts of United States rice exported to our traditional markets.

The world shortage of nitrogenous fertilizers continues to be one of the most critical problems affecting farmers. There is no prospect that this shortage can be relieved in the near future. Because of this situation, nitrogenous fertilizers are under distribution recommendation by the International Emergency Food Committee. Import controls and export priorities assistance by this country are necessary to effectuate the International Emergency Food Committee recommendations. In the absence of the present controls, the flow of this material would be greatly disrupted.

The United States presently imports approximately three times as much nitrogenous fertilizers as it exports from its commercial production. The International Emergency Food Committee recommendations for the year ending June 30, 1948, would provide for the United States to import 187,000 short tons of contained nitrogen and to export 61,000 short tons.

This Department considers it essential that the present controls over tin and tin products be continued because of the importance of these materials to the preservation of food. Since the major tin-producing areas of the world have not recovered from the devastation and disruption caused by the war, and as this country is dependent upon foreign sources of supply for its primary tin, it is believed that the continuation of present controls is necessary.

While shipments from the Far East have been gradually increasing, these gains have been partially offset by production declines in Bolivia and the Belgian Congo areas. The world supply is steadily improving but there appears to be little likelihood that the Far East output will revive sufficiently for a considerable period of time to warrant the relaxation of controls over the output, distribution and use of tin and tin products. In order to assure our fair share of the world tin supply, this Government participates with the Combined Tin Committee, an intergovernmental body which recommends allocations, on a cooperative basis, of the world tin supply.

Commercial demands in the United States are estimated to be 25 percent more than the available domestic supply of tin. Removal of tin controls would result in the diversion of tin to less essential uses than are now permitted and would jeopardize the supply now available for food preservation. Moreover, it would contribute to inflationary pressures on the food industry because of the higher costs of cans. Only through continuation of controls can adequate tin be provided for the packaging of essential food and food products and for accumulating a reasonable stock pile of this material for use in case of a national emergency.

In conclusion it should be stated that although the situation with reference to certain of the above commodities has improved to some extent, supplies are still far short of demand. Therefore, it is recommended that the controls presently provided for in the Second Decontrol Act of 1947 with reference to those commodities be continued until June 30, 1949. This date is considered advisable due to the fact that it substantially coincides with the crop years for the commodities in question. It is urgent that legislation to continue such controls be enacted by February 29, 1948, as any lapse of control would seriously affect the national economy and the carrying out of our international responsibilities.

The CHAIRMAN. Thank you, Dr. Dodd.

Are there any questions of Dr. Dodd?

Mr. BANTA. I would like to ask Dr. Dodd a question.

The CHAIRMAN. Mr. Banta.

Mr. BANTA. There is practically no tin at all produced in the United States; is that right, Dr. Dodd?

Mr. DODD. That is right; none is produced here.

Mr. BANTA. We import all of it?

Mr. DODD. That is correct.

Mr. BANTA. Without regard to the extension of these controls, would not the Reconstruction Finance Corporation continue to buy all the tin and tin concentrates, anyway?

Mr. DODD. For those that would come to this country?

Mr. BANTA. For all the tin that would come to this country. Well, that is all of it, is it not?

Mr. DODD. That is all we get, but there is a good deal of tin that goes to other countries in the world.

Mr. BANTA. But how would our local controls and allocations affect our acquisitions of tin?

Mr. DODD. Well, I believe that we did agree, as a member of the Combined Tin Committee, to a distribution of supplies.

Mr. BANTA. Well, if we did not extend the Decontrol Act, how would it affect the quantity of tin imported into this country?

Mr. DODD. It might not so much affect the quantity imported into this country, but it might make an awful lot of difference in the use made of it.

Mr. BANTA. You do not suggest that as the reason for a continuation of the Decontrol Act. Especially how would it affect us with regard to acquiring a reasonable stock pile for any national emergency?

Mr. DODD. It would appear to me that it would be very hard for us to get the share we are now getting.

Mr. BANTA. Without an extension of the Decontrol Act? We are buying it, anyway, all of it? I mean the Government is buying it?

Mr. DODD. The Government is buying the share that is agreed upon by the International Combined Tin Committee that the United States is supposed to have. I believe if we did not take part in that committee operation—

Mr. BANTA. I am not asking you whether we should take part in that or not. We are doing that whether we extend the Decontrol Act or do not extend it beyond February 29, are we not?

Mr. DODD. That is correct.

Mr. BANTA. Then, how would the extension of the act affect our acquisition of tin for stockpile purposes since the Government is buying all of it through one of its agencies, whether we extend the Decontrol Act or not?

Mr. DODD. It might not make a difference.

Mr. BANTA. It would not make any difference. Yet you say in your statement that it would.

Mr. DODD. Well, personally I think it would.

Mr. BANTA. How could it, if the Reconstruction Finance Corporation buys all the tin? If I am a manufacturer of a product which requires tin—if the Government needs it, the Government gets it first, does it not?

Mr. DODD. If we did not agree to use it to the best advantage possible, I would doubt very much if we would get the same allocation before the Tin Committee that we would otherwise. I may be mistaken.

Mr. BANTA. Do you mean to say that we let other governments tell us how we will use such an important material; that we agree to use it in accordance with the wishes of other governments?

Mr. DODD. I think when you sit down with a group of representatives from other governments and they agree to use the supply of tin that is available for the best possible purpose, to preserve food and other necessary items, and it arrives at an equitable distribution of the supplies, I think it is a much better arrangement than you would have if one country, because we happen to be in the position to have more assets than some other, were to obtain all the tin we wanted without regard to the use that we made of it.

Mr. BANTA. That is beside the question I have asked you, Dr. Dodd.

Mr. DODD. It may be, but I think it has a bearing on it.

Mr. BANTA. That is going to be done whether we extend the Decontrol Act or not?

Mr. DODD. I hope so.

Mr. BANTA. Well, it will be done, will it not? The expiration of the Decontrol Act will not affect our agreement with the other countries, with the International Food Committee—is that a group that has agreed to divide the tin output of the world, as it agreed to divide the sugar output of the world?

Mr. DODD. It is not the same committee.

Mr. BANTA. It is the Tin Committee that does that.

Mr. DODD. Yes.

Mr. BANTA. Well, that agreement would still be in effect.

Mr. DODD. That agreement is entered into quarterly.

Mr. BANTA. And it is beside the question as to whether we should extend the Decontrol Act, is it not?

Mr. DODD. I do not think so.

Mr. BANTA. If the present Decontrol Act, which you now recommend should be extended, is not extended, will that abrogate the agreements we have with respect to tin?

Mr. DODD. No, but I do think it would make a difference in future agreements because we would not be in position to say that we would make the best possible use of the tin that we would have.

Mr. BANTA. Why not?

Mr. DODD. You would have no machinery for doing it.

Mr. BANTA. Why not?

Mr. DODD. Without priority assistance.

Mr. BANTA. You mean there would be no machinery for saying that if I were manufacturing one item requiring tin, and you were manufacturing another, that we could not assure the members of the International Tin Committee that I would actually be restricted as to the use of tin for my purposes, the tin I might buy? There would be no way of saying to them that that is what would be done?

Mr. DODD. That is correct.

Mr. BANTA. But we still could say that our Nation would make the best possible use of tin, could we not?

Mr. DODD. I do not believe you could without having some authority on priorities.

Mr. BANTA. Then, do you propose that we reach an agreement with other nations as to how much tin should be stockpiled for a national emergency?

Mr. DODD. No, sir, but I do think we need to give assurance to the other nations that we will use the amount of tin we get to the best possible advantage and I do not think you can say that without exercising some control on where the tin goes.

Mr. BANTA. There is nothing in the Decontrol Act of 1947, which extended or permitted to expire, which would prevent the United States Government from accumulating an adequate stockpile of tin for a national emergency, is there?

Mr. DODD. No, sir, not a thing. We get many letters from users of tin, who process food commodities—

Mr. BANTA. Then, just why do you tell this committee that we need the extension of the Decontrol Act of 1947 in order to obtain a stock pile of tin for a national emergency?

Mr. DODD. Because I believe that is correct.

Mr. BANTA. You just now said that there is nothing in the Decontrol Act that would affect the accumulation by the Government of tin for a national emergency.

Mr. DODD. Not at all, but I think it does make a difference in the total amount of tin that would be allocated to this country. And unless we assure the other nations—

Mr. BANTA. Do you mean to say that we are in a more favorable position to contract with the International Tin Group for an allocation of tin to this country by telling them that we are going to stock pile a certain amount?

Mr. DODD. No, sir, I did not say that.

Mr. BANTA. Well, then, how are we in a more favorable position to contract for a share of the international tin supply by extension of the Decontrol Act, on the theory that it would enable us to get a stock pile of tin for a national emergency?

Mr. DODD. The stock pile is only one phase of the use of tin.

Mr. BANTA. It is one phase, but I am prompted to ask these questions because I do not see how extension of the Decontrol Act has anything to do with it.

Mr. DODD. If you are talking only about stock pile, I agree with you, it would make no difference.

Mr. BANTA. Well, will the extension of the Decontrol Act have anything at all to do with the accumulation of tin for a national emergency?

Mr. DODD. If you say without regard to other uses of tin, I would agree, that it would not have any effect on the stock pile.

Mr. BANTA. In other words, the Federal Government is now in control and by virtue of this agreement, it gets all the tin that comes in through the Reconstruction Finance Corporation, and if it is needed for a national emergency, it can set it aside?

Mr. DODD. That is correct.

Mr. BANTA. Then, the extension of the Decontrol Act actually will not affect that program at all.

Mr. DODD. I think it will affect other programs which would have a direct bearing on the amount that you would be able to stock pile.

Mr. BANTA. I do not know how it would if the Government owns it in the first place and would sell it or not, after it sets aside its stock pile. How could it affect the accumulation of tin for a stock pile?

Mr. DODD. It would not affect the accumulation of tin for a stock pile, it would certainly affect the accumulation of tin for other uses.

Mr. BANTA. Well, that is all.

Mr. MONRONEY. Mr. Dodd, the Reconstruction Finance Corporation, even though it accumulated this tin, would have no right to deny to a toy manufacturer, or to a person wanting to use tin for the packaging of unnecessary goods, a supply of tin, under the law, without the Decontrol Act; is that not correct?

Mr. DODD. That is my understanding.

Mr. MONRONEY. Therefore, the Reconstruction Finance Corporation would be called upon not only to furnish that nonessential tin, but they would probably have to pull against the strategic stock pile to supply them if they had to sell the essential tin required for preservation of food and other uses; is that not true?

Mr. DODD. Well, they probably would look at stock pile needs first, if I might be permitted to get into that field, which, as I mentioned earlier, is certainly outside of ours. Our interest in the tin supply is what we need for the preservation of food and food products, and we see no way in the picture now, unless there is a continuation of controls on the use of tin, to see that food manufacturers get an adequate amount of tin to take care of this year's production of food, even down to and including milk and other necessary items having to do with our food supply in this country.

Mr. MONRONEY. If you pull away a lot of unessential tin, eventually you are either going to have to take the tin for the necessary stuff out of the stock pile or you are going to have to let the precious food go to rot in the fields because you cannot supply the tin necessary for canning?

Mr. DODD. That is correct. We had a very close squeeze in the past several years, and we would be in a worse position this year if you did not have controls on the uses to be made of the tin.

Mr. MONRONEY. And there is already an agreement made with all the tin users whereby they can get along on 1947 quotas; is that not right?

Mr. DODD. Yes, but that agreement, you understand, was arrived at after everybody said they would make the best possible use, or put it to the most essential use.

Mr. MONRONEY. Yes, and it is predicated on the fact that we will have legislation extending these controls—I mean the agreement is

not worth anything unless there is a law to back it up, as to allocation is it?

Mr. DODD. We would not be able to carry through the agreement unless you had a law to back it up; that is correct.

Mr. FOLGER. Mr. Chairman.

The CHAIRMAN. Mr. Folger.

Mr. FOLGER. This is not a one-way agreement that you speak of, the international agreement; it is one that all propose to abide by in view of the shortage of this material?

Mr. DODD. That is correct, because of the shortage throughout the world.

Mr. FOLGER. That is all, thank you.

The CHAIRMAN. Dr. Dodd, is the situation getting better on fats and oils and rice?

Mr. DODD. Yes; it is getting somewhat better, but it is still very, very tight. One reason we are concerned about the fats and oils situation is because we are a net importer, and any substantial increases over and above the quotas that have been granted has an almost immediate effect upon our own prices in this country, as domestic producers of fats and oils. Because we are in a favored position, nations would like to sell to us, because of the exchange situation. A few extra cargoes can upset our cottonseed-oil market or soybean-oil market very, very badly. If you know about what the supply is going to be, it has a tendency to stabilize prices. We would hesitate to see, in view of the fact that this year's production is still all in front of us, until after this year's production of oil is out of the way and we can see what it is, we would hesitate to recommend any change in the controls.

The CHAIRMAN. Are there further questions of Mr. Dodd?

Mr. COLE. I have one, Mr. Chairman. I am not sure whether this question has been asked or not.

The CHAIRMAN. Mr. Cole.

Mr. COLE. Has the Department of Agriculture been requested, Dr. Dodd, by processors and canners of foods, for this type of a program? In other words, do those who are connected with the industry of processing and canning foods think it is necessary?

Mr. DODD. Yes, sir; they do.

Mr. COLE. Do you think they will come here and testify that they believe it is necessary?

Mr. DODD. I know a good many of them that would come and testify. We have on file letters from different segments of the industry making such a recommendation that we do ask for a continuation of those powers.

I just was handed one from the Milk and Ice Cream Institute. I will only quote from part of it, but I will make it available for the record if you wish:

It is the fear of the members of this organization that if the authority to allocate tin is not continued, a runaway market as to cost may result, and maldistribution of the metal within the United States will unquestionably result as long as it is in short supply. It seems highly probable that since the milk-can manufacturers are only small or medium-sized companies, they would be unable to compete effectively in the world market for tin. For the reasons above stated our members unanimously believe that it would be necessary to continue allocation authority insofar as tin metal is concerned.

It goes on further.

Mr. BANTA. How could there be a runaway price? I have heard someone else testify to that. Does not this international body fix the price?

Mr. DODD. The international body does not fix a gray-market price or a black-market price, if there are no controls on end use. I think the sky would be the limit.

Mr. BANTA. Well, even after it gets out of the hands of the Reconstruction Finance Corporation, or whatever Government agency buys it, when it gets into the hands of a private user, you have no way of controlling the price of the product after that, do you?

Mr. DODD. That is correct.

Mr. BANTA. Then, how would that affect it? The international committee fixes the price, does it not?

Mr. DODD. Only the price at which it is sold wholesale to this Government.

Mr. BANTA. After it gets into the hands of this Government, the Government fixes the price at which it will sell to the processor or next user, does it not?

Mr. DODD. They could not very well choose the people to whom they would sell without a continuation of some sort of authority.

Mr. BANTA. Aside from that—I am interested now in your statement that there would be runaway prices, or somebody's statement to that effect.

Mr. DODD. That was not my statement; that was the statement of the milk-can manufacturers.

Mr. BANTA. Do you believe that is possible?

Mr. DODD. I do; yes.

Mr. BANTA. How could that be? Explain how it could be, when we bring the material in on a controlled or fixed price, which the Government pays, and then the Government will sell at a fixed price, will it not?

Mr. DODD. Yes.

Mr. BANTA. Then, how are you going to do it? Do you mean by policing everybody to see that they do not get more money for the tin than you say they ought to get?

Mr. DODD. No; but in a short supply of tin, if you allot it in the first place only to the people who have need for it and also use it in their business, you obviously stop that. If you have no controls as to where you can allocate it—

Mr. BANTA. If you have no control, then, you say the United States Government could not refuse to sell tin which it had accumulated, to a bootlegger of tin, or one who will sell it in the gray or black market?

Mr. DODD. A reputable broker—I think they would have to sell the tin, as far as possible to first come.

Mr. BANTA. You believe the Government would be obliged to fill his order?

Mr. DODD. Yes; I do. That is the way business has always been done in this country.

Mr. BANTA. And you want to quit doing it that way.

The CHAIRMAN. Are there further questions of Dr. Dodd?

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. I am sorry I was detained in my office and could not hear your statement, Dr. Dodd. Are you in favor of the power to control imports of fats and oils?

Mr. DODD. Yes, Mr. Congressman.

Mr. TALLE. Rice and rice products?

Mr. DODD. That is correct.

Mr. TALLE. And nitrogenous fertilizer materials?

Mr. DODD. Yes.

Mr. TALLE. They were mentioned in point No. 2 by Mr. Foster of the Commerce Department the other day.

Mr. DODD. That is correct.

Mr. TALLE. In your statement do you have a list of the fats and oils that would come under that heading?

Mr. DODD. No; I did not list them. We could supply that for the record, if you so desire.

Mr. TALLE. Yes; I would like to have that.

Mr. DODD. There are some specialty oils, you know, that are not under import controls.

Mr. TALLE. I would like that break-down.

Mr. DODD. We will be glad to furnish that for you.

Mr. TALLE. So that I may know what is involved.

Mr. DODD. Yes; we will do that.

(The document is as follows:)

The following is a list of fats, oils, and rice that are under import control of War Food Order 63, administered by the Department of Agriculture, as of February 24, 1948:

(These items are also under export control.)

Babassu nuts and kernels.

Babassu oil.

Butter.

Castor beans.

Castor oil.

Coconut oil.

Combinations and mixtures of animal or vegetable oils or any of them; with or without other substances not specially provided for.

Copra.

Cottonseed oil, crude, refined.

Fatty acids, not specially provided for, derived from vegetable oils, animal or fish oils, animal fats and greases, not elsewhere specified:

Cottonseed oil.

Linseed oil.

Soybean oil.

Other, not elsewhere specified.

Flaxseed (linseed).

Lard (including rendered pork fat).

Lard compounds and lard substitutes made from animal or vegetable oils and fats.

Linseed oil, and combinations and mixtures, in chief value of such oil.

Oleo oil.

Oleo stearin.

Olive oil, edible and inedible, including foots and sulfur olive oil.

Palm kernel oil.

Palm nut kernels.

Palm oil.

Peanut (ground nut) oil.

Peanuts, shelled or not shelled.

Rapeseed oil, denatured and not denatured.

Rice: paddy, uncleaned or brown rice, cleaned or milled rice, patna rice, cleaned.

for use in canned soups, rice meal, flour, polish and bran, broken.

Soap and soap powder.

Sunflower oil, edible and denatured.

Sunflower seed.

Tallow, beef and mutton, including oleo stock.

Tallow, beef and mutton (inedible) including oleo stock.

Mr. COLE. Do you have a list, Dr. Dodd, of those associations or food processors that you might put in the record?

Mr. DODD. Yes; I will be glad to give you copies of letters that we have received.

Mr. COLE. Thank you.

The CHAIRMAN. Are there further questions of Dr. Dodd?

(No response.)

The CHAIRMAN. If not, thank you very much, Dr. Dodd.

Mr. DODD. Thank you, Mr. Chairman.

The CHAIRMAN. Col. Gerson K. Heiss, of the War Department.

On yesterday, a question arose with respect to the operation of the nitrogenous plants by the War Department. We have asked Colonel Heiss to come down, and he has with him Colonel Norvell and Mr. Jewett.

STATEMENT OF COL. GERSON K. HEISS, ACCOMPANIED BY COL. FRANK C. NORVELL, AND MR. REYNOLDS, OFFICE OF CHIEF OF ORDNANCE

The CHAIRMAN. Colonel Heiss, do you care to make a statement?

Colonel HEISS. Yes, Mr. Chairman.

I am Col. Gerson K. Heiss, executive, Office of the Assistant Secretary of War.

We were advised yesterday that your committee desired some information relative to our nitrogenous fertilizer program, and I thought, that if it met with the approval of the committee, I would outline rather briefly what the program is, why we went into it, the authority under which we are operating, and then be pleased to answer any questions which the committee may have.

In the winter of 1946 we had very urgent demands from our military government in the occupied areas, both in Germany and in the Far East, Japan and Korea, for nitrogenous fertilizers, the demand resulting from a depletion of the soils in those areas coupled with the destruction of fertilizer-producing facilities by military operations during the war years so that they were unable to raise foodstuffs. In other words, it was necessary to get the fertilizer over there so that they could raise foodstuffs and, in turn, partially relieve the heavy demands that were being placed on the United States to export foodstuffs to feed the civilian population of Germany, Japan, and Korea.

Attempts were made to get nitrogenous fertilizers from commercial sources in the United States. We found that we were unable to do so without severely impinging upon the nitrogenous fertilizers manufactured from commercial sources that were available to the American farmer, and which were also being allocated to certain former friendly nations by the International Food Control Board or Committee.

The matter was taken up with the White House, and, after a survey, we found that there were a number of munitions plants which had been declared surplus by the Army and were in the hands of the War Assets Administration, which could be converted to the manufacture of anhydrous ammonia, and, in turn, certain of our other plants could convert the anhydrous ammonia to fertilizer grade—ammonium nitrate.

Based on that plan, a plan was drawn up and submitted to Mr. John Snyder, the then Director of War Mobilization, and he directed that the War Department withdraw these plants from surplus, and produce ammonia to the maximum extent possible to meet its own nitrogenous fertilizer requirements for occupied areas. That was the start of the program.

We proceeded along that line, and found that, using all the plants that were available, we would be unable to satisfy the entire existing demand.

We were further handicapped by the fact that our plants had not been constructed to produce fertilizer, but had been constructed for the production of munitions of war. They were not integrated plants, which, in turn, meant that we had to have high-pressure tank cars to move our anhydrous ammonia from the ammonia plants a considerable distance to oxidation plants where we converted part of the ammonia to nitric acid and, in turn, neutralized the acid with the remainder of the ammonia, and formed an ammonium-nitrate solution. We then had to have other tank cars to move the solution to crystallizing plants where it could be converted into crystalline ammonium nitrate suitable for use as a fertilizer.

Because of lack of tank cars we had to close down one plant which we had opened up—the Missouri Ordnance Works. This plant had been under demand before by the Department of the Interior, and the Department of the Interior had started to use it for synthetic-fuel-production experiments and for the production of synthetic fuel.

When we pulled out, this particular plant was taken back by the Bureau of Mines. Our production, over-all production from all plants, has filled approximately 70 to 80 percent of our overseas requirements. We are still not able to produce enough to meet the requirements that we have received for the areas occupied by United States troops.

That, Mr. Chairman, is a brief summary of how we went into it and what we are doing.

I will be pleased to answer any questions that you may have or go into more detail, if you would like to have me do so.

The CHAIRMAN. Are there questions of Colonel Heiss?

Mr. KUNKEL. Did they use fertilizer in Japan before the war, Colonel?

Colonel HEISS. They used quite a considerable amount of fertilizer before the war, sir. They did have a practice over there of using fertilizer from sources which General MacArthur felt should not be used—that is, human fertilizer—but in addition to that, Japan manufactured artificial fertilizer to meet its own requirements, and, in addition, exported some. These plants were, naturally, converted to the manufacture of munitions during the war years, and were, as a result, a profitable target for our bombers.

Mr. KUNKEL. Did Korea also use fertilizer previous to the war?

Colonel HEISS. Yes; she got a considerable part of her fertilizer from Japan.

Mr. BROWN. Were all the fertilizer plants in Germany destroyed?

Colonel HEISS. Practically all of them that were in the American area, sir, were destroyed or so crippled by bombing that they require

complete rebuilding in order to produce. Lack of construction materials, equipment, and coal has delayed the rehabilitation of nitrogen fixation facilities.

Mr. BROWN. When do you think we will have some of those plants restored for the production of fertilizer?

Colonel HEISS. Production in some of the plants is going on at a relatively low rate now. I think that perhaps Colonel Norvell might be able to give a more definite answer as to present production and what the prospects are, sir.

Colonel NORVELL. The present indigenous production of nitrogenous fertilizer, that is, for fiscal year 1948, is about 200,000 tons in the American and British zones of Germany. That, of course, goes up each year as they get, for instance, mining problems settled, transportation problems—and they, too, have a high-pressure tank-car problem, their plants have to have the anhydrous ammonia trans-shipped.

Mr. BROWN. How many tons does the War Department furnish to Germany?

Colonel NORVELL. During fiscal year 1948, we furnished them with around 47,000 tons of contained nitrogen. That is only from Ordnance production. They got some from the United Kingdom's Ordnance production—about 12,000 tons—and this year they are getting some from Linz, Austria—about 20,000 tons.

Mr. BROWN. Do they get as much per unit or per farm as our farmers do here in America?

Colonel NORVELL. I could not answer that question, sir; I do not know what the American consumption is.

Mr. KUNKEL. Are any of the nitrate plants in Germany being dismantled or removed?

Colonel NORVELL. No, sir; since the cessation of hostilities there have been no plants capable of producing fertilizer destroyed or dismantled in the United States or British zone, and the destruction or dismantling of none is contemplated.

In fact, one plant which made synthetic fuel has been converted into a fertilizer plant.

Mr. BROWN. What is the total production of the plants you operate here outside of Ordnance?

Colonel HEISS. I have that, sir. I can give it to you in a moment. It is in the neighborhood of 65,000 tons ammonium nitrate per month, short tons.

Mr. BROWN. Per month?

Colonel HEISS. Yes, sir, which would be——

Mr. BROWN. 65,000 tons?

Colonel HEISS. 65,000 tons, which would be roughly around 22 or 23 thousand tons of contained nitrogen.

Mr. BROWN. What is the total production of the other plants, outside of Ordnance?

Colonel HEISS. In the United States.

Mr. BROWN. Yes.

Colonel HEISS. I do not know, sir.

Mr. COLE. Was your plan, then, to use only the fertilizers obtained from the former war munitions plants?

Colonel HEISS. That is right, sir; that is all we have used, and that was the understanding when we went in, that we would take these

Mr. SMITH. What about Manchuria?

Colonel NORVELL. I know nothing about Manchuria.

Mr. SMITH. You do not know whether they have any fertilizer production in Manchuria?

Colonel NORVELL. No; I do not, sir. To expand on this point relating to the rehabilitation of the fertilizer industry in both Germany and Japan, I could read you some figures to show an increased production from year to year—that is, indigenous production, within the country itself—if you would be interested.

Mr. SMITH. You mean as to this projected program?

Colonel NORVELL. Yes, sir.

Mr. SMITH. I think we ought to have that. You may insert them in the record. You do not need to read them.

Colonel NORVELL. Very well.

(The information referred to is as follows:)

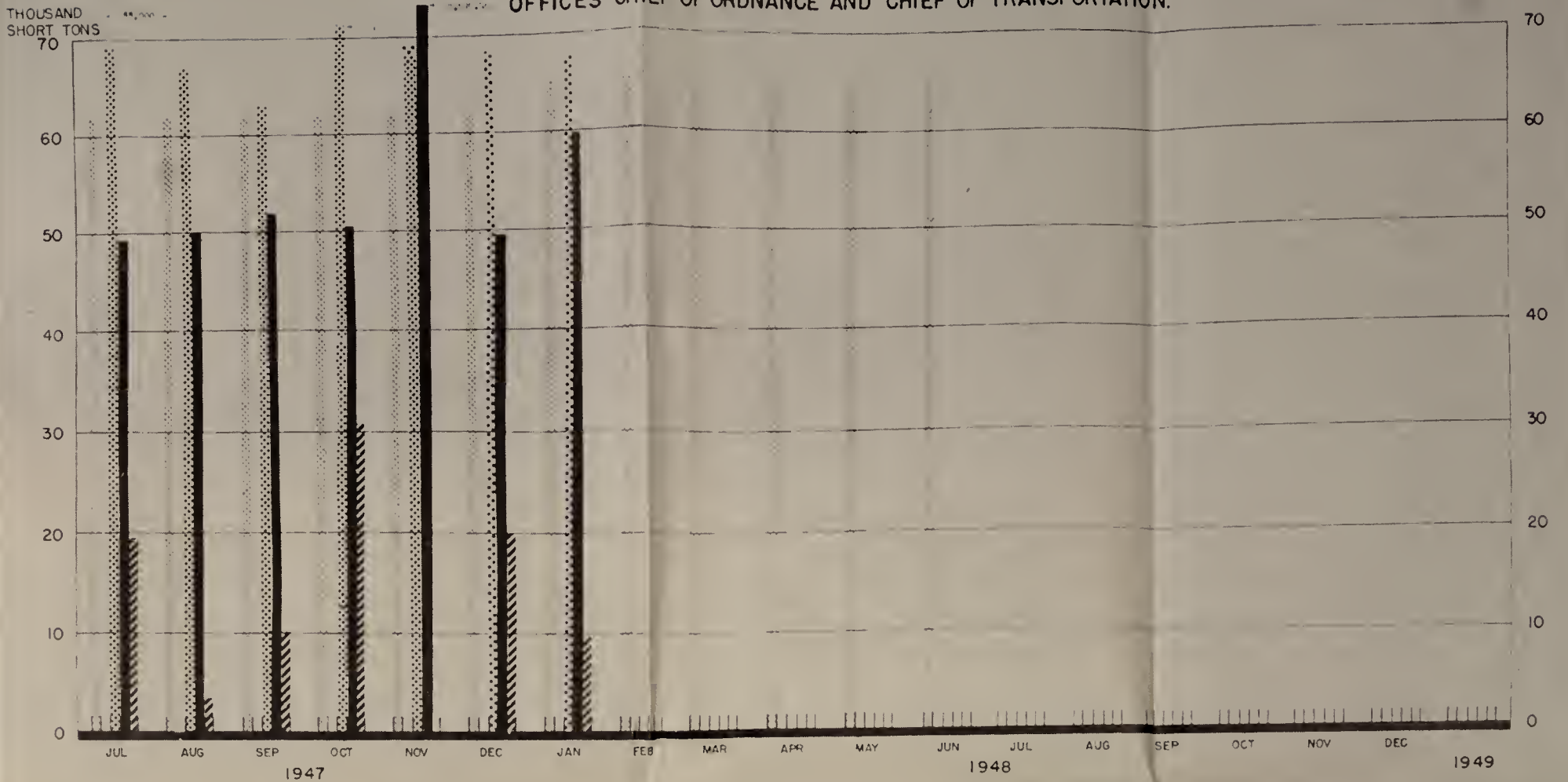
Minimum requirements and expected available supplies of fertilizers for Bizonal Germany for the fiscal years 1946 through 1951, in metric tons of plant foods

	Fiscal year—					
	1946	1947	1948	1949	1950	1951
Nitrogen (100 percent N):						
Requirement.....	303,000	280,000	320,000	340,000	340,000	340,000
Indigenous production.....	50,000	125,000	200,000	215,000	290,000	340,000
Percent of requirement.....	16.5	44.6	62.5	63.2	85.3	100
Import requirement.....	253,000	155,000	120,000	125,000	50,000	0
Imports—GARIOA.....	4,000	41,000	81,117	60,000	30,000	0
Imports—Other.....				65,000	20,000	0
Total supply.....	54,000	166,000	281,117	340,000	340,000	340,000
Percent of requirement.....	17.8	59.3	87.8	100	100	100
Phosphates (100 percent P ₂ O ₅):						
Requirement.....	347,000	400,000	350,000	396,000	396,000	396,000
Indigenous production.....	42,000	97,000	150,000	200,000	245,000	276,000
Percent of requirement.....	12.1	24.2	42.8	50.5	61.8	69.7
Import requirement.....	303,000	303,000	225,000	196,000	151,000	120,000
Imports—GARIOA.....	0	30,000	125,000	125,000	105,000	74,000
Imports—Other.....				71,000	46,000	46,000
Total supply.....	42,000	127,000	275,000	396,000	396,000	396,000
Percent of requirement.....	12.1	31.7	78.6	100	100	100
Potash (100 percent K ₂ O):						
Requirement.....	559,000	560,000	574,000	574,000	574,000	574,000
Indigenous production.....	196,000	296,000	400,000	450,000	450,000	530,000
Percent of requirement.....	35.0	52.8	69.7	78.5	78.5	92.3
Import requirement.....	363,000	264,000	174,000	124,000	124,000	44,000
Imports.....	0	0	0	0	0	0
Total supplies.....	196,000	296,000	400,000	450,000	450,000	530,000
Percent of requirement.....	35.0	52.8	69.7	78.5	78.5	92.3

AMMONIUM NITRATE

DATA PRESENTED HAS BEEN COMPILED FROM REPORTS SUBMITTED BY OFFICES CHIEF OF ORDNANCE AND CHIEF OF TRANSPORTATION.

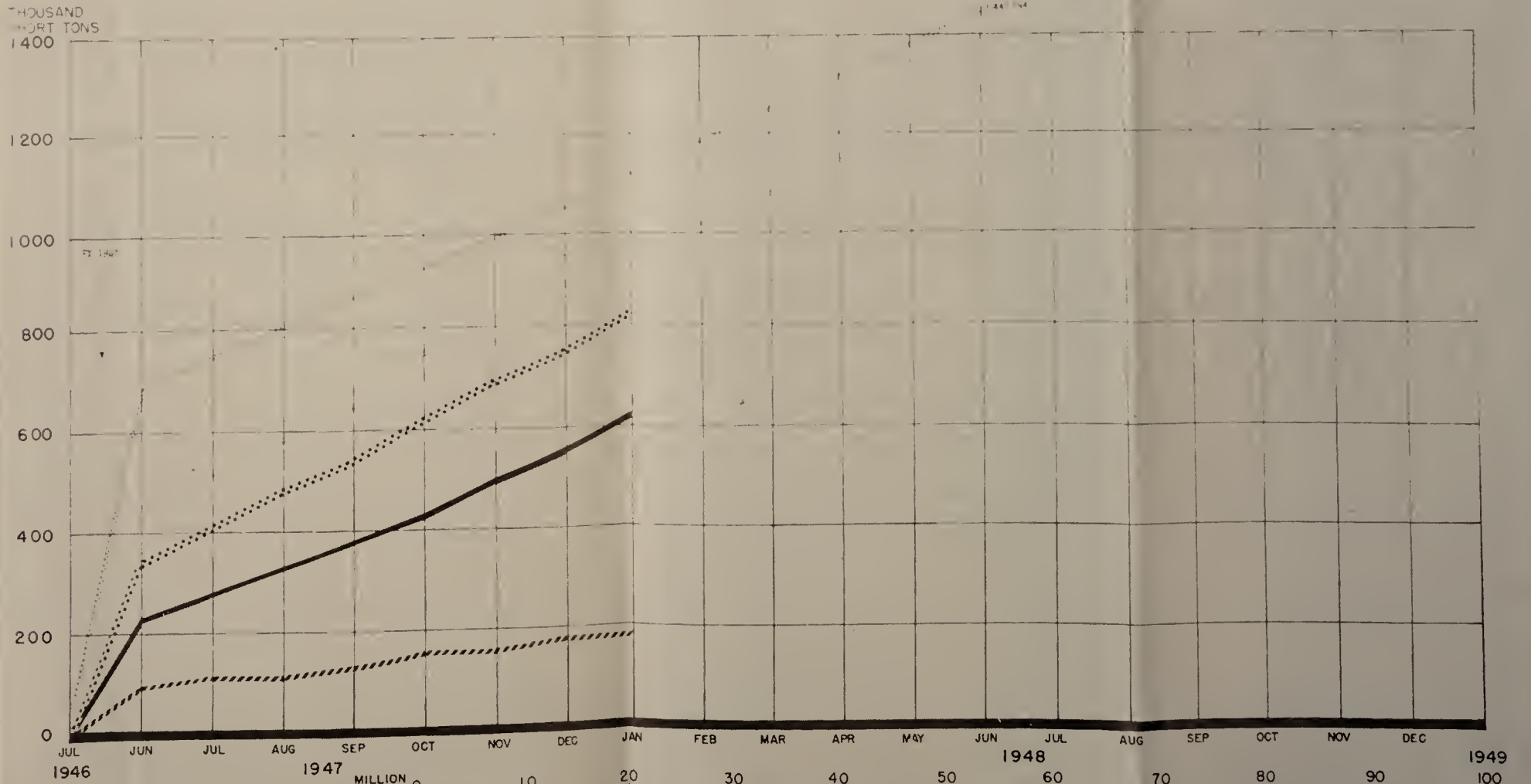
PREPARED BY
PROCUREMENT & PROCUREMENT PLANNING SECTION, ORDM



FACTOR
MILITARY REQUIREMENTS
ORDNANCE FORECAST
ACTUAL PRODUCTION
EXPORTED - OMGUS
EXPORTED - SCAP

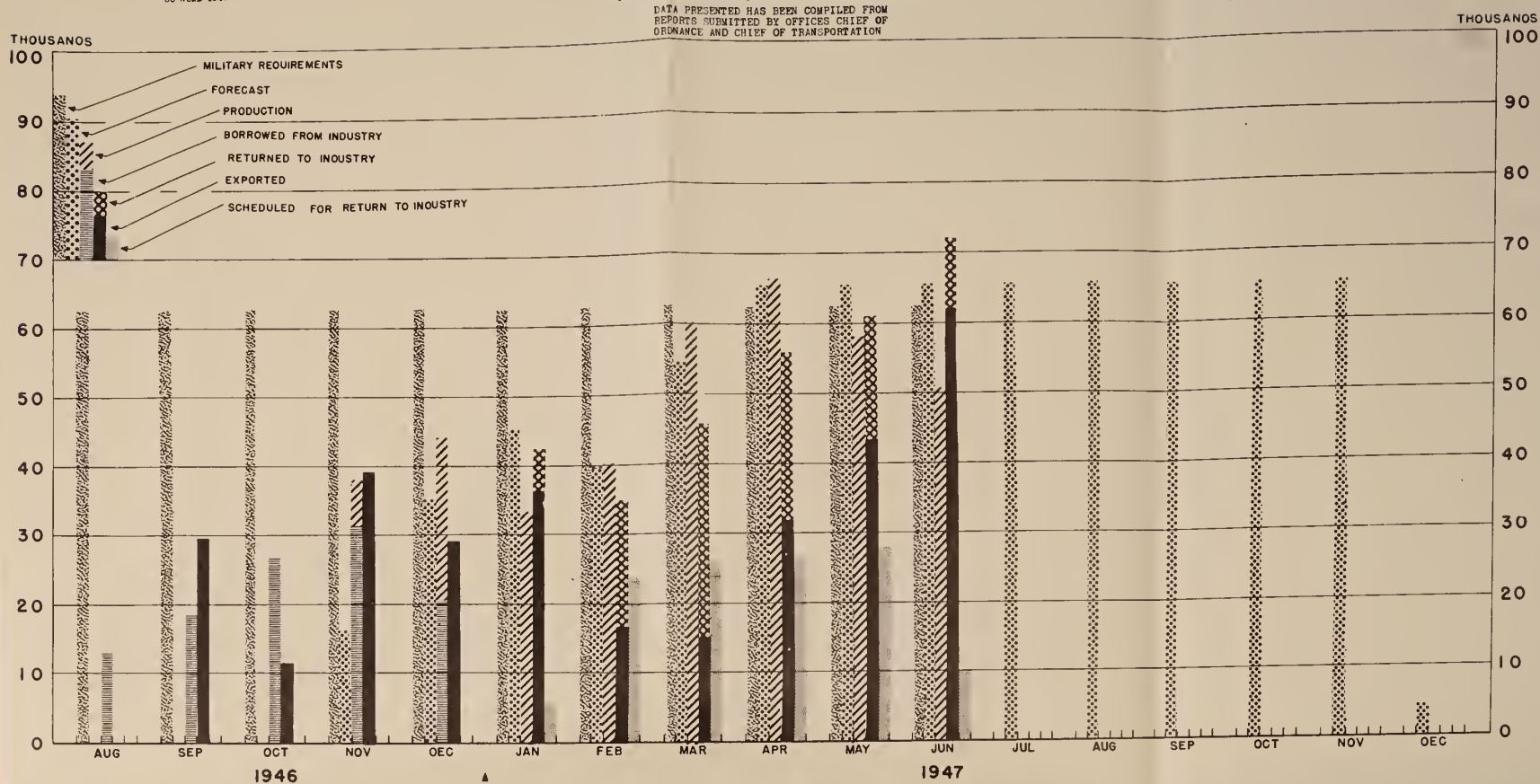
CHART LABEL

M	1947						M	1948						M	1949					
	JUL	AUG	SEP	OCT	NOV	DEC		JAN	FEB	MAR	APR	MAY	JUN		JUL	AUG	SEP	OCT	NOV	DEC
ACTUAL	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
REQUIREMENTS	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
EXPORTED - OMGUS	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
EXPORTED - SCAP	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
ORDNANCE FORECAST	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

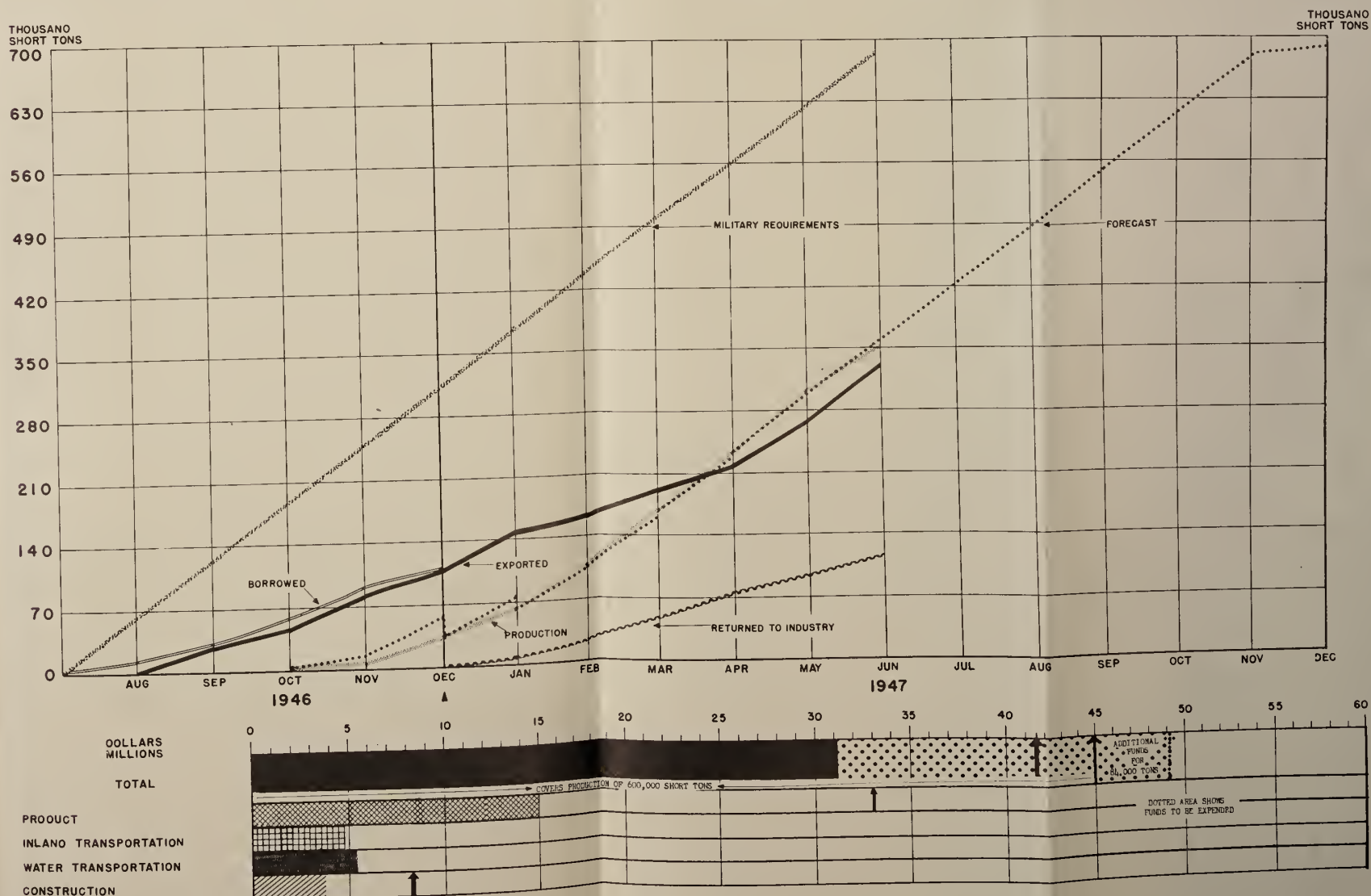


AUG 1946 TO DATE
PRODUCTION
INLAND TRANSPORTATION
OCEAN TRANSPORTATION
CONSTRUCTION
TOTAL

MILLION DOLLARS		0	10	20	30	40	50	60	70	80	90	100
ACTUAL	PT 1947											
REQUIREMENTS	PT 1947											
EXPORTED - OMGUS	PT 1947											
EXPORTED - SCAP	PT 1947											
ORDNANCE FORECAST	PT 1947											
TOTAL	PT 1947											



	1946						1947												1948	
	JUL	AUG	SEP	OCT	NOV	DEC	SUB-TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN-MAY
MILITARY REQUIREMENT		62,182	62,182	62,182	62,182	62,182	310,910	62,182	62,182	62,182	62,182	62,182	62,182							
ORONANCE FORECAST					17,000	36,000	53,000	45,500	40,000	55,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	4,463	
ACTUAL PRODUCTION					7,257	23,329	30,586	33,500	40,675	60,150	66,200	59,079	50,113							
BORROWEO FROM INOUSTRY		12,876	18,383	26,919	31,430	20,112	109,720													
RETURNEO TO INOUSTRY								5,760	17,522	31,475	24,420	17,188	10,689	Return To Industry Completed						
EXPORTEO				29,700	11,700	39,088	29,436	37,521	17,088	24,179	32,895	43,634	61,265							
SCHEOLEO FOR RETURN TO INOUSTRY								5,760	23,000	23,000	27,110	28,110	10,000							



Minimum requirements and available supplies of fertilizers for Japan and Ryukyus and Korea, in metric tons of plant foods

JAPAN

	Fiscal year					
	1946	1947	1948	1949	1950	1951
Nitrogen:						
Requirement.....	360,000	381,000	393,345	394,260	394,260	394,260
Indigenous production.....	152,000	161,896	215,960	272,250	340,050	431,480
Percent of requirement.....	42.2	42.5	54.8	69.1	86.3	109.4
Import requirement.....	208,000	219,104	177,385	122,040	54,210	0
Imports—GARIOA.....	0	32,200	109,941	111,480	54,210	0
Total supply.....	152,000	194,096	319,941	383,730	394,260	431,480
Percent of requirement.....	42.2	51.0	81.3	97.2	100	109.4
Phosphates:						
Requirement.....	288,000	248,760	255,750	255,455	255,455	255,450
Indigenous production.....	0	78,400	140,500	170,500	207,000	251,310
Percent of requirement.....	0	31.5	55.0	66.7	78.0	94.6
Import requirement.....	288,000	170,360	115,250	84,955	48,455	4,140
Imports—GARIOA.....	6,000	0	3,730	0	0	0
Exports to Korea.....	0	0	24,400	33,700	46,500	62,500
Total supplies.....	6,000	78,400	119,830	136,800	160,500	188,810
Percent of requirement.....	2.1	31.5	46.8	53.5	62.8	73.9
Potash:						
Requirement.....	72,500	120,500	125,200	123,080	123,080	123,080
Indigenous production.....	0	0	0	0	0	0
Percent of requirement.....	0	0	0	0	0	0
Import requirement.....	72,500	120,500	123,200	123,080	123,080	123,080
Imports.....	0	17,960	70,000	104,570	123,080	123,080
Total supplies.....	0	47,960	70,000	104,570	123,080	123,080
Percent of requirement.....	0	39.8	56.8	87.5	100	100

KOREA

	Fiscal year—					
	1946	1947	1948	1949	1950	1951
Nitrogen:						
Requirement.....	57,000	90,500	102,100	113,700	125,300	136,900
Indigenous production.....	0	0	0	0	0	0
Percent of requirement.....	0	0	0	0	0	0
Import requirement.....	57,000	90,500	102,100	113,700	125,300	136,900
Imports.....	0	34,900	73,202	113,700	125,300	136,900
Total supplies.....	0	34,900	73,202	113,700	125,300	136,900
Percent of requirement.....	0	38.6	71.7	100	100	100
Phosphates:						
Requirement.....	50,000	41,000	52,000	63,000	74,000	85,000
Indigenous production.....	0	0	0	0	0	0
Percent of requirement.....	0	0	0	0	0	0
Import requirement.....	50,000	41,000	52,000	63,000	74,000	85,000
Imports.....	0	8,250	24,400	33,700	46,500	62,500
Total supplies.....	0	8,250	24,400	33,700	46,500	62,500
Percent of requirements.....	0	20.1	46.9	53.5	62.8	73.5
Potash:						
Requirement.....	5,800	12,920	20,040	27,160	34,280	41,400
Indigenous production.....	0	0	0	0	0	0
Percent of requirement.....	0	0	0	0	0	0
Import requirement.....	5,800	12,920	20,040	27,160	34,280	41,400
Imports.....	0	5,384	20,000	23,085	34,280	41,400
Total supplies.....	0	5,384	20,000	23,085	34,280	41,400
Percent of requirement.....	0	41.7	99.8	85.1	100	100

All nitrogen to be imported into the Far East during the fiscal year 1949 is from U. S. Ordnance production.

Mr. SMITH. Have you the cost of that program?

Colonel NORVELL. No, sir; the cost would be very hard to determine, because actually it is paid for in German marks, and the value of those, you know, is not too well set.

Mr. SMITH. I am sorry. I did not hear that last statement.

Colonel NORVELL. The cost of production in Germany or Japan would be hard to determine, I believe, in terms of dollars, because, as you know, the value of the mark and the value of the yen is an artificial value at this time.

Mr. SMITH. And production of fertilizer is tied in with all other production, is it not?

Colonel NORVELL. Well, you have German and Japanese labor and such indigenous materials as we can get. The transportation facilities are operated by the peoples of the occupied areas, that is, the indigenous population. So it would be hard to evaluate that, I believe, in terms of dollars.

Mr. SMITH. What I am getting at is this: To rehabilitate the nitrogen industries, you have to rehabilitate a lot of other industries, too, do you not?

Colonel NORVELL. Well, it depends, partly, sir, on the transportation industry, for instance, and the mining industry, and they are giving those industries the highest priority now, the commanders in the field.

Mr. SMITH. So your program would be merely a segment of a much larger program to be carried out. What I am trying to get at is what is it going to cost the United States to undo this Russian peace which has been imposed upon Germany.

Colonel NORVELL. Well, it has not affected the Germany fertilizer industry, sir. The war damage is the only thing which has affected the fertilizer industry, according to the information we have.

Colonel HEISS. That is correct, Mr. Smith, to this extent, that to rehabilitate the Germany fertilizer industry, you have to have the equipment. The equipment in turn calls for steel and construction materials. So it is part and parcel of the entire rehabilitation of the German economy. It cannot be separated from that entire program.

Mr. SMITH. I have given this matter a little thought. Would 50 billion dollars put Germany back on her feet sufficiently to be able to be of any value to us in case of a war against Russia?

Colonel HEISS. That I am not in a position to answer, sir. I do not know.

Mr. SMITH. But you will agree with me in this, that it is an important consideration?

Colonel HEISS. Yes.

Mr. SMITH. One of the most important that has ever come before the people of the United States?

Colonel HEISS. I think that is correct, sir.

Mr. SMITH. It may even threaten our own existence unless we are able to accomplish that purpose; is that not correct?

Colonel HEISS. I think so, sir.

Mr. SMITH. It is a very serious matter. It is too bad that the policy makers of our Government had more faith in the Russian system than they had in the one our founding fathers established. Except for that terrible fact there would be no Russian threat against anyone today. That is all.

The CHAIRMAN. Are there further questions of Colonel Heiss?

Mr. SPENCE. When were the fertilizer plants dismantled in Germany?

Colonel HEISS. They were not dismantled so much, Mr. Spence, as they were actually blasted out of existence during 1944 and 1945.

Mr. SPENCE. Has Germany produced no fertilizer since that time?

Colonel HEISS. She has produced small amounts, and her production is gradually increasing. We are trying to bring it in as fast as we can.

Mr. KUNKEL. Are there any fertilizer plants in the Russian Zone?

Colonel HEISS. I think undoubtedly there were. What is there now, I have no information on, sir.

Mr. KUNKEL. There would be more need for fertilizer in the Russian Zone than in the American and British Zones, would there not, because the Russian Zone contains most of the agricultural areas of Germany?

Colonel HEISS. I would assume so offhand. On the other hand, though, we are now having to farm lands, in our Zone of Germany, to try to make up in part for the loss of the breadbasket of Germany which is in the Russian Zone. That calls for an increased consumption of fertilizer in our Zone in comparison to what it would have been had we had the Russian Zone available to draw on for food stuffs.

Mr. KUNKEL. But that new land which you are bringing into cultivation would be, to a certain extent, virgin land, would it not? It might not be original virgin land, but land that had lain fallow for a number of years?

Colonel HEISS. Well, it may have been, or it may have been land that they had been farming not as intensely as is now necessary. Now we are putting every bit of pressure on the Germans within our Zone to produce the maximum amount of food stuffs that they possibly can, in order to cut down on the food stuffs which must be furnished from this country.

However, as I stated before, we have been unable to meet the requirements of fertilizer that had been determined by the military government in Germany as being necessary, in order to attain maximum production from the land available.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. Colonel Heiss, will you put in the record the locations of the various plants? I think you said that you operate 12 altogether.

Colonel HEISS. Yes, sir.

Mr. TALLE. I would like to have those locations in the record.

Colonel HEISS. I think I can give you those now, sir.

We have three plants which we are now operating for the production of anhydrous ammonia. Those are the Cactus Ordnance Works at Etter, Tex., the Morgantown Ordnance Works, at Morgantown, W. Va., and the Ohio River Ordnance Works, at West Henderson, Ky.

We have four plants that convert the anhydrous ammonia to ammonium nitrate solution. One is the Indiana Arsenal at Charlestown, Ind., the Joliet Arsenal at Joliet, Ill., the Radford Arsenal, Radford, Va., and the Sunflower Ordnance plant at Lawrence, Kans.

Then, we are operating five plants which convert this solution into a granular crystalline solid, so that it can be used as fertilizer.

That is the Cornhusker Ordnance Plant at Grand Island, Nebr., the Illinois Ordnance Plant, Carbondale, Ill., the Iowa Ordnance Plant, Burlington, Iowa, and the Nebraska Ordnance Plant at Wahoo, Nebr., and the Ravenna Arsenal which is in Ravenna, Ohio.

Mr. TALLE. That completes the number of plants?

Colonel HEISS. Yes, sir. I may say for the benefit of the committee that we would like to lease these plants out to private industry to

operate, if it can be done with an assurance that we will continue to get first call on the fertilizer that comes from them, for our occupied area needs, and if the cost is not in excess of what it is costing us to operate them at the present time.

The advantage of that, in one particular case, is outstanding, in that it will be possible to materially increase the anhydrous ammonia production in the United States. We have at Cactus Ordnance Works, in Texas, a plant which was not completed during the war. The war came to an end before it was completed. We are now operating one line for the production of anhydrous ammonia. We have another line where we have some of the equipment partially installed, and some of the rest of the needed equipment on the spot. There is other equipment needed to complete the line which will have to be purchased and installed. The entire project would call for a capital investment ranging from around 7 million dollars to about 10 million dollars. Due to the uncertainty of the length of our program, we have been very hesitant about coming to the Congress to ask for an authorization of funds to complete this plant. We now have advertised that plant for lease, for a period of 20 years, under Public Law 364, passed by the last Congress, under such conditions that the successful lessee will complete the installation of this second line. Thereby increasing our production from that plant, I think, in the neighborhood of about 24,000 tons of nitrogen a year. That is in the mill now. If our demands from overseas drop, over the next 2 or 3 years, as we hope they will, then, that nitrogen might be made available to the commercial markets.

Mr. TALLE. I think you said at the outset that the weakness of the program was that the plants are not integrated.

Colonel HEISS. That is right, sir.

Mr. TALLE. That means you cannot have a continuous process in a single plant leading to the finished product?

Colonel HEISS. That is right, sir.

Mr. TALLE. How much handling is involved and how many plants do you have to use, involving transportation before you get finished products?

Colonel HEISS. A minimum of three.

Mr. TALLE. A minimum of three?

Colonel HEISS. A minimum of three. We produce the anhydrous ammonia at one plant, we then have to transport this anhydrous ammonia, which is a gas, under heavy pressure in high pressure tank cars, to a second plant, where we convert part of the ammonia to nitric acid, and then add the remaining ammonia to the nitric acid and form an ammonium nitrate solution.

We then have to put that in a tank car, and take it to a plant where we evaporate off the water and come out with a crystalline solid.

Mr. TALLE. That must be a costly process.

Colonel HEISS. It is a costly process, sir, but we are rather pleased that even by that process we are producing ammonium nitrate at a lesser price than that at which we could step out and buy it on the market today.

Mr. TALLE. Could you put in the record figures showing current production and also potential production?

Colonel HEISS. Well, the current production is the potential production, sir.

Mr. TALLE. I would like such figures on costs as you may have, also, sir.

Colonel HEISS. Very well, sir. I can give it to you offhand, as to anhydrous ammonia cost, but if it is all right, I will submit figures as to the costs.

Mr. TALLE. Can you tell me about the production of fertilizer in the Ruhr?

Colonel HEISS. I think that has been covered largely in the information that Colonel Norvell gave as to the overall production in the occupied areas.

Colonel NORVELL. The comments that I made about production in Germany, sir, included both the American and British Zones of Germany.

Mr. TALLE. Thank you.

Mr. KUNKEL. Colonel Heiss, to answer a question that I had asked you, Mr. Fink just gave me some figures taken from the International Emergency Food Council report for 1947-48 production of nitrogen in the three zones of Germany.

In the French Zone it is 43,000 tons; in the United States-United Kingdom Zone it is 200,000 tons; and in the Soviet Zone it is 120,000 tons.

As to imports, there were none for the French Zone; 80,200 for the United States-United Kingdom Zone; and none for the Soviet Zone.

The prewar production in Germany was 695,000 and the consumption 561,000, leaving an apparent surplus of 134,000 tons.

Colonel HEISS. That is right, they were exporting, before the war. And I assume those are metric tons of contained nitrogen.

Mr. KUNKEL. That is right.

The CHAIRMAN. Are there further questions of Colonel Heiss?

If you have any supplemental statement, Colonel, we will be very glad to have it.

Colonel HEISS. I think perhaps the question that Mr. Talle asked can be answered now. I have our charts showing total costs of production and so forth, and I think perhaps they might give you the answer to the question you asked, Mr. Talle. The chart shows the total amount of funds which we have spent against the total production to date. Does that give you sufficient information as to the breakdown on costs that you were talking about?

Mr. TALLE. I think so, and, Mr. Chairman, I ask unanimous consent that the charts be put in the record.

The CHAIRMAN. Are the charts in such shape that they can be inserted in the record? Could you leave them with us for that purpose?

Colonel HEISS. Yes; I can leave those.

The CHAIRMAN. Without objection they will be inserted in the record.

Colonel HEISS. I think those will answer your question, Mr. Talle.

Mr. TALLE. Thank you, sir.

The CHAIRMAN. Thank you very much, Colonel Heiss and Colonel Norvell.

We expected to have a representative of the Reconstruction Finance Corporation with us, but the House is in session and I doubt whether we can proceed.

Would it be agreeable to you, Mr. Jewett, to be back with us tomorrow morning?

Mr. JEWETT. Yes, sir.

The CHAIRMAN. Very well, the committee will stand in recess until tomorrow morning at 10 o'clock.

(Whereupon, at 11:30 a. m., the committee adjourned, to reconvene on Friday, February 27, 1948, at 10 a. m.)

EXTENSION OF THE SECOND DECONTROL ACT

FRIDAY, FEBRUARY 27, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee reconvened, pursuant to adjournment, at 10 a. m., Hon. Jesse P. Wolcott, Chairman, presiding.

Present: Messrs. Wolcott, Smith, Kunkel, Talle, Kilburn, Cole, Hull, Banta, Fletcher, Nicholson, Spence, Brown, Folger, Hays, Riley, and Buchanan.

The CHAIRMAN. The committee will come to order.

We will continue with the hearings on the Extension of the Second Decontrol Act.

We have with us this morning Congressman Heselton from Massachusetts.

We are very pleased to have you, Congressman. You may proceed.

STATEMENT OF HON. JOHN W. HESELTON, REPRESENTATIVE FROM THE FIRST DISTRICT OF MASSACHUSETTS

Mr. HESELTON. Mr. Chairman and gentlemen, I am very grateful to you for letting me on out of order, so to speak, because I have an executive committee meeting next door.

I do not propose to burden you, by any means, but I can say that I have discussed the situation with the officers of the George W. Prentiss Co. of Holyoke, who prepared this memorandum for presentation to the Committee.

The other day the chairman was kind enough to grant me permission to interrupt him on the floor and explained that this committee was interested in going into these details during this interim period. I can call, if the committee wishes, experts from this company to testify. I understand that the companies affected are located over an area from, I think, Ohio, or perhaps even as far west as Illinois, through to New York, some portions of New England, New Jersey, and, I think, Delaware. I have a complete list of the companies and will submit that, if I may, in the revision of my remarks.

The CHAIRMAN. Very well.

Mr. HESELTON. This memorandum is prepared by George W. Prentiss & Co. on behalf of all processors of steel wire with tin coating. The great majority of such companies are represented by the Fine & Specialty Wire Manufacturers Association, with headquarters at 1427 I Street NW., Washington 5, D. C.

The association is primarily made up of nonintegrated companies which are small business as compared with the integrated steel mills

like United States Steel and Bethlehem—large makers of tin plate, or integrated companies like Anaconda and Kennecott—large consumers of tin for bronze and tinning copper alloy wires.

The facts would indicate that prohibition on the use of tin for steel wire is an action by the present Tin Control Division of the Office of Materials Control, Department of Commerce, which unjustly limits the use of tin by the small manufacturers. The present tin control order covering tinning of wires permits unlimited use of tin by copper and copper alloy manufacturers of wires 0.032 inch and smaller. We request that steel wire manufacturers be allowed to tin wires 0.032 inch and smaller, which is the same allowance made to these copper and copper alloy wire manufacturers, even though this would still be a considerable restriction on the industry as compared with prewar practices.

The following information is important in bringing out the discrimination claimed:

From the first quarterly report by the Secretary of Commerce under the Second Decontrol Act of 1947, we quote the following figures (p. 11, table I) and we compare them with the figures of the 1937 consumption of tin as taken from the "Metal Statistics 1947" published by the American Metal Market.

The Secretary of Commerce gives the estimated consumption of tin in tons for the year ending June 30, 1948.

	Total	Tin plate	Bronze	Solder babbitt	Tin- ning	Balance
July 1, 1947, to July 1, 1948.....	90,360	33,000	21,000	26,000	3,000	7,200
Year 1937.....	90,131	39,221	6,496	26,631	2,652	15,130
Percent current consumption to 1937.....	100	84	325	98	113	48

1937 consumption is used because it was a normally busy prewar year and was above the 10-year average from 1936 to 1945, which included the war years. Consumption for the 10 years averaged 88,680 tons and in only 2 years, 1940 and 1941, did the tin consumption exceed that for July 1, 1947, to July 1, 1948.

Our steel wire industry together with the copper wire industry would fall in the "tinning" group as a whole are using 113 percent of the tin used in 1937. Why should the steel wire industry be denied what is granted to the rest of the group?

The "Bronze" group are using 325 percent of 1937 consumption; the "Tin plate" group 84 percent of 1937, but they are producing as much tin plate as they did in 1937; the "Solder and babbitt" group 98 percent of 1937.

The only group that is down is the "Miscellaneous or balance" group and that is largely explained by the substitution of aluminum for tin in foils and tubes.

In May 1947, the Tin Control Division said that the reserve stock of tin would be exhausted by midsummer—it was then some 9,000 tons as against 17,000 at the first of the year. The office of Metals Reserve, Reconstruction Finance Corporation, on January 14, 1948, stated that the stock of pig tin available for sale on December 31, 1947, amounted to 24,555 tons as compared to the 17,197 tons available at the beginning of the year. Instead of being exhausted, the stock of tin was nearly three times what it was when the association was denied tin in May.

The above figures are so revealing that the discrimination against steel wire manufacturers is startling and quite indefensible. Some restriction might be explained, but what is practically a 100 percent denial is unjust. Probably the simplest solution of our problem is to limit the use of tin for steel wire to 0.032 inch or finer, the same as copper wire limit. This will curtail our prewar use considerably but would permit us to tin wire in sizes most needed.

For the last year and a half this company individually has repeatedly asked tin control to allow the members of the Fine and Specialty Steel Wire Association to go back to prewar practices in tinning which called for some 350 tons of tin per year by the association. This company has used tin for tinning wire for 90 years and before the war two-thirds of our steel wire was tinned. We have never found any other coating which was even reasonably comparable to tin when all factors were considered. Our tinning department has been closed now for 2 years and we must find out whether this can be opened up or whether it should be marked off as a loss. The latter cannot be justified on the figures above.

Within a month after our May 1947 application for relief was turned down because of a tin shortage which denied our association 350 tons per year, we found that the use of tin plate for beer cans was authorized. In August, tin at the rate of 1,500 tons per year went into beer cans and that rate was increased in September and October. This and similar incongruous situations irk us. For instance, I have at my desk a gallon can fully tinned which was used for popped corn, legalized because it was food. Coffee, paint, oil, dog food, and what not are again coming in tinned cans while this company alone has had some hundred thousand dollars tied up in a department made useless by an unjust discrimination.

To show how important tin is for steel wire, we quote from a customer's letter.

We desperately need tin to save steel which we are wasting every day because of the zinc finish which is on the steel. This zinc finish, for some reason unknown to us, will not accept the cement which we put on it as does the tin finish, with the result that the cementing does not hold, the strips that are cemented together fall apart, and we have a large percentage of waste.

With the tin which we used for some 40 years, we had no such trouble in the magnitude in which it has been for the last 5 or 6 years. We have tried every conceivable thing that we can to overcome this difficulty, but without good results. If we had the tin we could save a considerable amount of steel material as well as chemicals used to attach these pieces together, labor which is being wasted, and, incidentally save ourselves money and lower the selling price of some of our products.

While the above quotation is the overwhelming problem of that customer at the moment, he has previously reported that cutting dies and formers wear four or five times as long with tinned wire as on galvanized or other finish.

It is suggested that inasmuch as the Tin Control Division has adamantly refused to correct this discriminatory situation that the only relief possible is for the Congress directly to act by incorporation of language in any bill authorizing the extension of the control of scarce materials to insert language which will end past practices. It is suggested that the following would be an appropriate insertion:

Any industrial unit may (and shall not be denied the right to) buy, use in its manufacture, and sell in its manufactured products, up to 80 percent of its average annual consumption of tin for the 4 years 1936 to 1939.

Or, in the alternative, the language might read:

No industrial unit shall be denied the right to buy, use in its manufacture, and sell in its manufactured products, up to 80 percent of its average annual consumption of tin for the 4 years 1936 to 1939.

The CHAIRMAN. Thank you, Congressman Heselton.

Are there questions of the Congressman?

Mr. COLE. I would say that that suggestion of yours is a little too simple probably for people who want to control tin.

Mr. HESELTON. A little too simple for what, Mr. Cole?

Mr. COLE. A little too simple. They would like to have it a little more involved, a little more red tape in connection with it.

Mr. HESELTON. I am sorry. I am dealing with altogether too much red tape now.

Mr. SMITH. Congressman Heselton, you are recommending continuation of restrictions on the use of tin and suggest two alternative proposals, which would still involve continued control over tin. Is that not true?

Mr. HESELTON. Well, I do not understand that they approve the extension, necessarily, of the controls. From my discussion with them, I understood that they have indicated that there was no actual shortage of tin. That being true, while I cannot speak for them on this point, if there is no shortage of tin, as they allege, I would imagine that they would urge you to decontrol tin.

Mr. SMITH. Of course, personally, I think tin should be decontrolled instantaneously. I do not think there is any question about that at all. I think we would have a more equalized distribution of tin if that were done. That is the thing that I, as a member of the committee, would like to see done.

Now, so long as we continue restrictions, such as your alternative proposals involve, we must expect distortions in the distribution of tin. The people whom you represent may be satisfied, but this will unquestionably work inequitably for some other company as it looks at the matter.

Mr. HESELTON. May I call your attention to the second paragraph of page 3 of the memorandum, where they assert that as against the allegation that the reserve is exhausted, then, some 9,000 as against some 19,000 in the comparable period, that the Reconstruction Finance Corporation stated on the 24th of last month that there were 24,555 tons or three times what there was when they made that statement in the Tin Control Division.

If those facts indicate that there is an adequate supply of tin, I take the liberty of suggesting that this company and any other company would be only too happy to go into the open market and buy its requirements. But if, in fact, we have a shortage of tin, I think it might work a hardship on these companies which, as in this case, have been in operation for 90 years, for them to be denied complete access to the market, as they are under this order.

Mr. SMITH. But that is what causes shortages—political controls. It is universally recognized, as you know, Mr. Heselton, controls cause shortages. In fact, that is what they are for. There is some pretty good evidence to the effect that the Reconstruction Finance Corporation is actually driving prices of the products it is controlling under this bill higher than they would be in an open market. The distribu-

tion has certainly been inequitable, and what we ought to strive for is to do away with these controls so that the supply and demand will take care of the situation.

Mr. HESELTON. I think I would agree fundamentally with you that if the supply has reached balance with demand, controls ought to go. But projecting it forward into the future, if we are going to run into any substantial export program under any legislation which we might adopt, which would reduce our supplies below the demand, frankly, Doctor, I do not see how we can take care of these people without some type of controls wisely exercised. But I say this is a good illustration of unwise exercise of controls which is throwing a 90-year-old business right out of the market, and I do not think that is fair.

Mr. SMITH. I think you are quite right about that, but let us look at this proposition. You speak about possibly having to supply some foreign countries with tin. Very well. Should we not look after our own needs before we give away our tin?

Mr. HESELTON. Absolutely, I agree with you a hundred percent. I do not see how we can possibly do anything unless we are up a hundred percent on our own production.

Mr. SMITH. Then, it seems to me that the control should be placed on the export of tin and not on its distribution in this country.

Mr. HESELTON. I suppose this is a sort of allocation. Although they deny they have any right to allocate, they nevertheless do allocate.

Mr. SMITH. Well, it is really rationing. I think the Reconstruction Finance Corporation ought to get out of this business, and politics ought to get out of it, and we ought to let the market take care of itself. I think the quicker we do that the better.

Mr. NICHOLSON. Mr. Congressman, I have always understood that four-fifths of that tin came from British Malaya. How is it that we can export tin when we import four-fifths of our tin from British Malaya? Or are we doing it?

Mr. HESELTON. I said, perhaps before you came in, that I am not an expert on this matter. I was just presenting a memorandum prepared by my constituents. I would be glad to ask them to send an expert down here to answer that question. I think you are right that a great part of our tin comes from imports. Probably the other members of the committee know far better than I whether that is right or not. If they do come from imports, I suppose we ought to protect that source.

Mr. NICHOLSON. Well, the World Almanac says that four-fifths of the tin that we use in this country comes from Malaya. What I cannot understand, along with the distinguished gentleman from Ohio, is how we can be exporting tin when we get four-fifths of it from those islands out in the Pacific.

Mr. HESELTON. I do not know the answer to it.

Mr. SMITH. The answer is this, if you will allow me: We, as importers, pay a very high price for it, after having rescued with our blood and treasure the countries which supply us with this tin, we are still charged a very high price for it, and then we turn around, take part of this tin, and give it away to foreign countries under various so-called foreign-aid programs. That is the point I make.

The CHAIRMAN. Thank you, Congressman Heselton.

Mr. EGGERSS. Mr. Eggerss is president of the Continental Can Co. Will you further identify yourself and proceed as you wish, Mr. Eggerss?

STATEMENT OF HANS S. EGGERSS, PRESIDENT, CONTINENTAL CAN CO.

Mr. EGGERSS. I am making a statement in behalf of Continental Can, as its president, and I would like to take this opportunity of presenting a statement to you.

With your permission, I am including as part of my presentation today a copy of the statement which I made before the Senate Committee on Banking and Currency on February 4, 1948. That statement was presented in opposition to the extension of tin controls proposed in Senate bill 2023.

While I do not intend to read that full statement here today, I would just like to summarize its conclusions briefly.

World production of tin is rapidly going up. Government stocks of tin have been rising substantially since July of last year. The supplies of all primary and secondary tin available to the United States in 1948 should approximate 120,000 tons, as compared with 1947 estimated consumption of 87,900 tons.

Consumption of tin by industry in 1948, regardless of controls, will not exceed that of 1947 by any substantial amount.

In these circumstances, we believe that distribution and use controls over tin should be dropped, and we believe that they can be dropped with complete safety at this time.

Included in our statement of February 4 are figures and charts obtained from recognized sources to support the above conclusions. In some instances our estimates on future supplies and consumption of tin are in conflict with estimates of the Department of Commerce. Since February 4, all additional data and information which have become available support our position as opposed to that of the Department of Commerce.

In his first quarterly report under the Second Decontrol Act of 1947, the Secretary of Commerce estimated that Government stocks of pig tin, on January 1, 1948, would be 13,400 tons. In his second quarterly report, this estimate was increased to 20,000 tons. Actually, the Government stock pile of pig tin on January 1, 1948, was 24,550 tons, and on January 31, 1948, these stocks had risen to 27,674 tons.

In this same quarterly report, receipts for the fourth quarter of 1947 were estimated at less than 6,000 tons of pig tin, whereas actual receipts were 14,280 tons.

For 1948, the total world production of pig tin, excluding the 32,000 tons estimated to be smelted at Texas City, is conservatively estimated at 131,000 tons.

The Department of Commerce has estimated that the United States will receive only 35,000 tons out of this production, or less than 27 percent. On the basis of past experience, we should get no less than 65,000 tons, or 50 percent, and we will probably get more. We do not know where the other countries of the world would use the remaining 96,000 tons of pig-tin production, if the United States takes only 35,000 tons.

All informed sources are unanimous in their opinion that world production is improving rapidly. The New York press, on February 20, carried a statement, made by Dr. W. A. Foote, our consul general at Bolivia, in an interview at the New York offices of the Department of Commerce. I quote part of this statement:

Indonesia is getting along splendidly in tin production, with indications that output may increase by 50 percent or more over last year. Two of the largest dredges in the world are being employed. It would not prove surprising if, with production from all sources, the shortage of tin in world markets is nearing its end.

The United States News World report issue of February 20 carried the following comment on tin:

Tin this year will move into a surplus position. Bolivia will be the first producer affected, from price dip. Costs of other producing areas are lower.

All of the above adds up to the fact that there seems to be little doubt that the supplies of tin are improving rapidly, and that the Department of Commerce has been consistently underestimating the supply.

So for the probable consumption of tin, both primary and secondary, if restrictions were removed, in its first quarterly report the Secretary of Commerce estimated such unrestricted consumption in 1948 at 120,000 tons. In his second quarterly report, this estimate was reduced to 113,000 tons.

We believe that even this second reduced estimate is much too high and is unsupportable.

In this reduced estimate, tin usage, in tin plate and terneplate, is estimated at 40,000 tons, as compared with an actual usage consumption of 32,000 tons in 1947. The Department of Commerce is apparently assuming that if the use of tin is unrestricted, many industries, and particularly the can industry, would return to prewar factors of tin usage. This is an entirely erroneous assumption.

If the Continental Can Co. went back to such prewar practices, it would cost us \$16,000,000 per year for additional tin. Neither we nor our customers would be willing to pay this great price for a product which would be no better than the product we now produce.

Today's price of tin, at 9½ cents per pound, which is nearly twice the prewar price, is a strong deterrent to any unnecessary or wasteful uses of tin.

With respect to the uses of tin for items other than tin plate and terneplate, such as brass and bronze, solder, babbitt, and so forth, the Department of Commerce has estimated that with the removal of restrictions, the demand for tin for such purposes would increase more than 30 percent over the amount actually used in 1947.

We know of no substantial unsatisfied demand for tin at present, and we just cannot see where such increases as are estimated by the Department of Commerce would arise.

In previous testimony before a congressional committee, a representative of the Department of Commerce made the statement that all industry seemed to be perfectly satisfied with the way tin has been allocated to them.

We cannot believe that the Department of Commerce could be in a position to make such a statement if the tin users were receiving only 70 percent of the tin they wanted. We firmly believe that with the

removal of all controls on tin, the consumption of tin in this country, in 1948, would not exceed that of 1947 by more than a few thousand tons.

Our position, in brief, is that, on the basis of all available facts, no controls over tin are necessary in this country today. If it is concluded that because of some international commitments, it is necessary to maintain a Government monopoly on the purchase and distribution of tin, we could not oppose Government controls on imports, and allocations of available pig tin to primary users, nor do we object to the stock piling of tin to the extent deemed necessary by the proper authorities, provided that tin so stock-piled is taken out of the whole available supply.

We do object seriously, however, to controls, such as are presently contained in Orders M-43 and M-81, and the extension of powers to any agency to continue to impose such controls.

Order M-43 and M-81 specify permitted uses of tin for all industry. Up to the present, such orders specified the percentage of tin or the tin content that may be used in any product, but place no limitation on the over-all quantity of tin that may be used by any industry on the output of any items containing tin that may be produced.

Now, however, under amendment 10 to order M-81, which is to become effective February 29, 1948—next Sunday—the Department of Commerce is limiting the total tonnage of tin that may be used in 1948, by each can manufacturing company. It is also limiting, and in some cases prohibiting entirely, the use of tin in the manufacture of cans for some industries.

The can-manufacturing industry is the only major industry on which such discriminatory restrictions and curtailment of production are being imposed.

The figures and the charts in the statement which was presented to the Senate Banking and Currency Committee on February 4, prove conclusively that the can industry, in collaboration with the steel industry, has done by far the best job of tin conservation since the beginning of the war, and yet, at this very time, when the supply picture of tin is improving very materially, further restrictions are being imposed upon it.

The full burden of tin conservation is today being placed on one major industry, which uses less than 30 percent of the tin consumed in this country. On June 11, 1947, Mr. H. B. McCoy, Director of the Office of Materials Distribution of the Department of Commerce, made the following statement before the Subcommittee of the United States Committee on the Judiciary, "When the supply approaches within reasonable range of unrestricted demand, the order is revoked."

Gentlemen, that is the situation with respect to tin today. The supply is not only approaching but exceeding the unrestricted demand. I respectfully urge Congress to revoke the powers which make possible the imposition of such discriminatory regulations as amendment No. 10 to order No. M-81, as well as all other regulations.

Gentlemen, before closing my statement, I would like to comment briefly on certain statements made before your committee this week, particularly those made by William C. Foster, Under Secretary of Commerce.

On Tuesday, February 24, Mr. Foster made the following statement, as a reason why it was necessary that prompt action be taken on the extension of tin controls:

At the present time there is no additional restriction on the use of tin, and I can assure you that every producer of these products is working 24 hours a day, 7 days a week, to use up all the tin he possibly can. So, the longer we put off the effective date, and the less assurance there is of this kind of controls, the worse, in my personal opinion, is the food preservation situation and the stock-piling situation.

Gentlemen, speaking for the Continental Can Co., I resent this accusation. This condition does not exist as far as my company is concerned. As a matter of fact, in anticipating the adverse effects of the new proposed amendment to order M-81, to be effective February 29, this coming Sunday, I have been discussing with my operating personnel the necessity for cut-backs in working hours.

Mr. Foster is apparently not familiar with the provisions of this new amendment. The limitation of the amount of tin which a can company may use is set forth in the order as follows:

During 1948, in making cans, no person shall use more tin in the form of tin plate coating than was contained in the tin plate he received during 1947 for making cans.

This, it will be noted, makes the order retroactive to January 1, 1948, and any plate consumed after that date is applicable against our 1948 quota.

Referring to the following statement of Mr. Foster:

We started negotiating last summer with these largest users of tin as to the the best way which they could suggest for limiting the use of tin. After a long series of negotiations, the plan that was evolved was basically their own suggestions as to the best method—

I am at a loss to understand what users he is referring to with respect to the can industry. Records will show that on November 5 and November 19, discussions were held with a few members of the industry, regarding a special container. No industry meeting for the purpose of discussing a further restrictive order was held until January 9, and this only at the insistence of the can manufacturing industry.

Referring to the statement of Mr. H. B. McCoy, Director of the Office of Material Distribution, made on February 25, he estimates world tin production for 1948 as between 150,000 and 160,000 tons. This represents a minimum increase over 1947 production reported as 107,000 tons of 43,000 to 53,000 tons. Should we not assume that we will receive the same ratio or percentage of this increased world production, as we received out of 1947 production? On this basis, we can assume we will receive at least 25 to 35 thousand tons of the additional 1948 world supply, above that received in 1947.

This amount represents more than the 25 percent additional quantity of tin which Mr. McCoy states will be required if there is no restriction on uses of tin.

It has come to my attention that a member of the can manufacturing industry has made the following statement:

The expiration of the tin control regulations would seriously affect the canning industry, as tin needed for perishable food containers would be directed to other purposes.

This is a statement to which the Continental Can Co. does not subscribe. We wish to point out that during 1947, when there were few limitations on the production of cans for other than perishable foods, all food packages were taken care of. 1947 was one of the largest pack years on record, and was exceeded only by one pack year, namely, 1946.

Gentlemen, that concludes my presentation, and I will be pleased to answer any questions that you might have.

The CHAIRMAN. Are there questions of Mr. Eggerss?

Mr. SMITH. Mr. Eggerss, what was the world tin production in 1940?

Mr. MUTH. In 1940 it was approximately 235,000 tons; in 1941 it was 241,000 tons.

Mr. SMITH. And what is it at the present time?

Mr. MUTH. Last year the Department of Commerce estimated the production as 107,000 tons. There is also another figure given out by the International Tin Research and Development Council, or the tin study group, of approximately 117,000 tons.

Mr. SMITH. What caused that differential?

Mr. MUTH. That is rather difficult to say, sir. It is just a matter of reporting. These are preliminary figures, and the final figures, I do not imagine, have been arrived at.

Mr. SMITH. You cannot be sure, then, of the figure you gave me for 1947?

Mr. MUTH. Well, let us use the lower figure of 107,000 tons, which I would say we are positive of.

Mr. SMITH. As against 235,000 tons in 1940?

Mr. MUTH. Yes, sir.

Mr. SMITH. What is the difference between the amount of your pack at the present time, last year, as compared to 1940, let us say?

Mr. MUTH. Prior to the war, for the 4 years ending in 1940, the perishable food pack was about 280,000,000 cases. During the war it went up to about 380,000,000 cases, and then right after the war we had some very large packs. In 1945 we had approximately 440,000,000 cases. In 1946, 515,000,000 cases. And the estimate for 1947 was about 475,000,000 million cases.

During the war, we were not able to build new plants or add new equipment, but we took care of this tremendous increase in the food pack. In addition we also had tremendous requirements for C-ration cans, K-ration cans, and Army and Navy subsistence items. All of those were taken care of and I do not think we fell down on a single order.

Mr. SMITH. And it is your idea that if controls over tin were removed, the situation would take care of itself?

Mr. MUTH. We have never fallen down on the delivery of cans to a food customer. Whenever we set up our programs, which we do every year, we make full provision for all perishable food items, and if there is any curtailment, it is not on food packs or uses.

The statement has been made that perhaps some perishable foods might be lost. We defy anyone to go to the National Cannery Association or the California Cannery League or any of the large food groups, and show where the can companies have not delivered all the cans that were required during the canning season.

I have been in the can business 25 years, and I do not know when any failure of that kind ever occurred.

Mr. SMITH. What I am thinking of is this: if tin were left to a free market, whether there would be, in all probability, a more adequate supply of tin. That is the way the law of supply and demand works. What is your idea on that point?

Mr. EGGERS. There is no question but what the law of supply and demand will work in this case, and we will have tin running out of our ears before the end of the year.

Mr. SMITH. That would not be a good thing, though, for the fellows down here in Washington.

Mr. EGGERS. I admit that.

Mr. SMITH. They want jobs.

Mr. EGGERS. Well, I cannot say as to that.

Mr. SMITH. They want to rule somebody and boss people all around.

Mr. KILBURN. Dr. Smith, may I ask a question along that line?

Mr. SMITH. I yield.

Mr. KILBURN. This record, which is apparently a very good one, which you made, was made under controls, however, was it not?

Mr. EGGERS. We have never had controls, other than during the war, when we were given certain specifications for certain types of cans, for certain types of products, was not permitted during the war.

In January of 1946, these controls on other than food containers were gradually lifted, and in 1947—February of 1947—practically all controls on containers were lifted, so that in 1946 and 1947 we made the record without controls, sir.

Mr. NICHOLSON. Mr. Chairman.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. What created this shortage of tin?

Mr. EGERESS. I am not a tin expert, but the record will show that during the late thirties—middle and late thirties—the cartel cut back the production of tin because of the tremendous surplus, and production in those years was limited.

Then, when the war came along, in 1940 and 1941, limitations were lifted, and immediately the production went to over 200,000 tons a year for the years 1940 and 1941.

Mr. NICHOLSON. So that now there is no shortage of tin?

Mr. EGGERS. No, sir; because, based upon the experience of the late 30's, it can be shown that the industry has never needed more than 90,000 tons, and with the conservation of tin that has been brought about in the tin mill products alone, they cannot consume as much as they did prewar. That is one of the worries of the tin smelting industry today.

Mr. SMITH. This cartel arrangement still exists, does it?

Mr. EGGERS. I cannot answer that. I do not believe so, sir.

Mr. MUTH. Prior to the war, we had what we called the international tin control scheme. The tin production in the world gradually increased, say, from 1900 on. Around 1900 we produced around a hundred thousand tons of tin. Then, in 1925 it got up to about 125,000 tons of tin.

From 1925 to 1931 we had quite an increase and in 1929 we had a tremendous year. It reached about 197,000 tons, and during the next couple of years the world stocks rose from a normal of about 25,000 tons to about 55,000 tons.

About 1932 the market broke, and whereas the price of tin had been perhaps 60 cents or 50 cents prior to that time, it dropped down to 22 cents and in one case a little over 18 cents a pound. Then all the producing countries got together and signed an agreement and they placed quotas on all the producing countries with the exception of 17 percent that did not belong. They controlled the output of tin all during the thirties. In some cases they allowed as low as 30 percent of your output in a given quarter, and they kept the supply in line with the demand and set up a small buffer pool which took care of it in case the demand fell off.

We really do not know how much tin can be produced in the world because, with the exception of 1940 and 1941, we were limited on production. In 1940, as I say, it went up to 235,000 tons, and in 1941 to 241,000 tons.

Last year we had this 107,000 tons figure. For 1948 we have the figure of from 150 to 160 thousand tons and we have some preliminary estimates for next year of 180,000 to 200,000 tons. We think we can reach 180 to 200 thousand tons even if we drop off some tonnage for some of the countries that are slow in coming back into production.

Mr. SMITH. Let us get back to this cartel arrangement. Is it your opinion, or do you know that this cartel has been dissolved?

Mr. MUTH. It has been inactive. I would not say it has been dissolved.

Mr. SMITH. But it has not been dissolved?

Mr. MUTH. Because tin is a very much controlled item.

Mr. SMITH. And who controls this cartel? Which country controls it?

Mr. MUTH. All the producing countries were members. Now, Malaya is the largest producer, and that is mostly Great Britain. Then, we have the Dutch and the Bolivians coming next.

Mr. SMITH. As a matter of fact, the British control that cartel; is that not true?

Mr. MUTH. Well, most of the tin concentrates used to go to England for smelting, and the market was in London. So I would say that the British had a great deal to do with setting the price. Then, they also have very close contacts with Bolivia and some of the other producing countries.

Mr. SMITH. Do you know whether or not they are restricting the production of tin at all at the present time?

Mr. MUTH. I do not think so.

Mr. SMITH. You do not think they are?

Mr. MUTH. No, sir.

Mr. SMITH. In other words, they have plenty of outlets for it, and they do not deem it necessary to place any restrictions on it?

Mr. MUTH. No, I think most of the countries want dollar balances now and I think in the Dutch East Indies and in Malaya there is quite a lot of encouragement given to increased production.

I might add that we cannot quite understand some of the figures submitted by Mr. McCoy. The supply coming into this country is made up of two products. You either have pig tin, which is smelted overseas and brought in as pig tin and bought by the Reconstruction Finance Corporation, or you have the concentrate, which is the unrefined tin, and which is shipped to Texas City.

Most of that comes from Bolivia and the Dutch East Indies—with some from the Belgian Congo and other countries and some from other sources.

Mr. SMITH. Just at that point. Reconstruction Finance Corporation buys that pig tin?

Mr. MUTH. Yes, sir.

Mr. SMITH. How does it determine its price?

Mr. MUTH. That is a matter of world agreement.

Mr. SMITH. That is by world agreement. Does that not bring your cartel back into the picture?

Mr. MUTH. Well, I do not know whether you would define this Combined Tin Committee and the different tin producers as a cartel. They get together and agree on a price, and then they set the price in one part of the world and the rest of the world follows.

Mr. SMITH. It is virtually a cartel?

Mr. MUTH. I do not know whether you would call it a cartel or not, but it is pretty well controlled.

Mr. NICHOLSON. Will the gentleman yield?

Mr. SMITH. One moment. It is virtually the same group, though, is it not?

Mr. MUTH. Oh, yes, it is always the same people.

Mr. SMITH. So you have an authoritarian price fixed on your tin; is that not correct?

Mr. MUTH. That is correct, we have no control over the price at all.

Mr. SMITH. Not a market price at all; it is a red or official price?

Mr. MUTH. That is right.

Mr. NICHOLSON. I would like to ask if the British Empire does not control these prices and establish them.

Mr. MUTH. Well, I would say they are a very powerful influence in establishing the price.

Mr. HAYS. Mr. Chairman.

The CHAIRMAN. Mr. Hays.

Mr. HAYS. I wanted to ask about the Bolivian supply. What percentage of the total production is from Bolivia?

Mr. MUTH. I think the Bolivians are now producing about 32,000 to 38,000 tons of concentrate a year. I believe we are supposed to get about 16,000 tons of that. The balance goes to England for smelting.

Mr. HAYS. And about what percentage of the world production is that?

Mr. MUTH. That would be 16,000 tons, say, last year out of—well, taking 1948, it would be 16,000 tons out of 150,000 to 163,000 tons estimated for 1948.

Mr. HAYS. And the Bolivian production is the greatest part of the Western Hemisphere production, is it not?

Mr. MUTH. I would say it is about all the Western Hemisphere production.

Mr. HAYS. When you speak of the Bolivians, you do not mean that that is owned by Bolivian interests, do you? It is all owned and controlled by others, is it not?

Mr. MUTH. Well, the largest interests down there are the Patina interests. I am not sure whether Mr. Patina is a Bolivian or of some other nationality. I think he was originally, but what he wound up as, I am not sure.

Mr. HAYS. You do not know what the complexion of that ownership is at present?

Mr. MUTH. No; I do not. I saw the other day in a paper where Mrs. Patina was made president of the company and one of the men from one of the banks in New York is chairman of the board. I am quite sure that there are a number of English shareholders having shares in the Bolivian mines, because there always has been a very close connection between producers in Bolivia and the smelting companies in England.

Mr. HAYS. But it is tied in completely with the cartel system?

Mr. MUTH. Oh, yes, absolutely.

Mr. HAYS. Thank you.

Mr. NICHOLSON. Mr. Chairman. I have another question.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. I have always been of the idea that four-fifths of the tin that we got came from British Malaya. Is that right or wrong?

Mr. MUTH. Well, in the largest production year, 1941, about 78,000 tons of the 241,000 tons came from Malaya. That is about one-third.

Mr. NICHOLSON. That is about one-third.

Mr. MUTH. Yes, sir.

Mr. NICHOLSON. And we get the rest from Bolivia?

Mr. MUTH. No, sir. As to pig tin, I think it would be hard to identify the source. We get pig tin which is allocated to us by the Combined Tin Committee. This group gets together and makes an allocation of the pig tin. The concentrate is not allocated. The Reconstruction Finance Corporation buys concentrate and now I think our purchases are running at the rate of 32,000 tons a year.

As I said before, the tin that comes into this country is either in pig form or concentrate form. The concentrate, I understand, we buy direct, and we get about half from Bolivia and half from the Dutch East Indies and perhaps a little more from other countries.

As to pig tin, that is an allocation based on the agreement made by the Combined Tin Committee—

Mr. NICHOLSON. But it is all controlled by England, every bit of it?

Mr. MUTH. I would not say that. It is controlled by this Committee, which is made up mostly of the producing countries.

Mr. NICHOLSON. Well, who controls the producing countries?

Mr. MUTH. Well, Holland is a large producer, and Bolivia is a large producer, and you have a little tin coming out of Siam, the Belgian Congo, Nigeria—which would be British—there is a little coming from Australia—which would be British. The British, we know, exert a very powerful influence in the Committee, but I would not be in a position to say that they do more than that. I think you would have to ask one of the men from the Department of Commerce—someone like Mr. McCoy or Mr. Vogelsang. I believe Mr. Vogelsang sits with this Committee.

Mr. NICHOLSON. Well, I was not asking a bad question, I do not think. I was just looking for information.

Mr. MUTH. I understand. Frankly, I do not know.

Now, of the tin that comes into this country, last year we got 28,000 tons of concentrate and about 33,000 tons of pig tin, or 61,742 tons, out of the 107,000 tons produced.

For 1948, we are supposed to get 32,000 tons of concentrate and 35,000 tons of pig tin, or 67,000 tons, out of an increased production of around 160,000 tons. We cannot understand, if the world production is going up from 107,000 tons to around 160,000 tons, why we should only get perhaps 2,000 tons more. We feel that tin is going to flow in the direction of the United States. Everybody wants dollars. If you have dollars, you can buy almost anything. If you have dollars, you can buy equipment, food, fuel, and everything else you might need here, to ship back to where the producing is being done.

Another thing is that we do not think that a lot of markets which existed prewar, for tin, exist any longer. Before the war the United States of America was the largest consumer. We consumed around 40 or 45 percent. Next came Great Britain, then Germany, then Japan, then France, then Italy.

Now, we know the Germans are practically out of the picture. They used to make a lot of industrial machinery and were one of the large tin-plate manufacturers. The Japs were big tin-plate manufacturers and they also used a lot of tin in making industrial machinery. The French tin-plate mills are just operating at about half capacity. I would say the British tin-plate industry is operating at about 75 or 80 percent of capacity.

Before the war, when we had this average annual production of around one hundred and sixty-four to one hundred and seventy-three thousand tons, these people were all using tin. Now we are approaching this prewar production, and these people are out of the market. We feel that tin is going to come in this direction, if we want to go out and get it.

When Mr. McCoy, or the Department of Commerce, rather, makes the estimates, and submits data here to show that last year we got 61,742 tons and the estimate for this year is 67,000 tons, with all this increased production, and the knowledge that it is not being used in other countries on a prewar basis and knowing that people like dollars, we cannot understand why more tin is not coming to this country.

The Department of Commerce figures have been consistently low. As Mr. Eggerss stated a little while ago, in one of their preliminary estimates they thought the pig tin as of January 1 would be 13,000 tons. Then another report came out, I believe it was dated January 30, which estimated it at 20,000 tons. Then, the final figures came out a couple of weeks later, and we wind up with 24,500 tons, and at the end of January we find we are much better off.

So we rather feel the estimates prepared by the Department of Commerce are too much on the conservative side.

Now, I would just like to explain how these control orders work. In the first place, the Reconstruction Finance Corporation buys the tin. And they have a set price now of 94 cents a pound.

Then, this tin is distributed, based more or less on these end-use orders.

Mr. NICHOLSON. Let me interrupt you there. Is that not a pretty high price, 94 cents?

Mr. MUTH. The highest price that I know of was \$1.10 for a very short period right after the last war. I would say the price usually drifts from around 45 to 55 cents per pound. But it will be higher due to the fact that labor costs are higher. So it will be higher than prewar.

Mr. NICHOLSON. Mr. Chairman, I am not going to ask any more questions. I have really learned something from what you have said, and I appreciate it.

Mr. MUTH. I am glad to answer any questions, sir.

Now, I would just like to explain these orders and the way they affect the industry. We have the master order, M-43. That more or less tells what industries can use tin. Then, if you can use tin, the weight of the coating you put on your article, or the percentage of tin in the solder you use, and so forth. But it does not put any limitation on the amount of solder that you can use. You can use all the solder that you can buy, say, in the open market, provided you do not use more than a certain percentage of tin in that solder. But the percentage of tin in solder varies with the particular end use.

Now, the can-making industry, in M-43, comes under a section called "Use of tin and terne plate" and it says, "see order M-81."

When we get to order M-81—I do not know how many of you gentlemen have seen this order, but there are two pages of very fine print, and there are here 228 products. But under certain of these numbers, as, for example, under meat, there are about 10 or 15 other items.

This order says, for example, if you are canning apples or making cans for apples, you have to use a certain weight of tin in the body and a different weight in the bottom. Then, if you are using some frozen food item, then you have an entirely different grade of plate.

On some other cans you can use tin or terne plate in the body but you cannot use it in the ends.

So we have here 228 different products in which the can specifications with which we have to comply are spelled out by someone who is not a member of the industry.

That is just part of the story.

Mr. KILBURN. How can the man who uses the cans tell in advance what he is going to need? I should think it would depend on his pack. He may decide at the end to use some other product.

Mr. MUTH. We have to take that risk. Some years back, or during the time when we had these controls, it was provided that the canner give us a certificate stating that his use of the cans would be in accordance with order M-81. So if the canner is packing fruits he orders certain types of cans. If he is packing also corn, peas, and tomatoes, he gets cans with a different coating. But that is something we have to contend with. We have, say, 35 or 40 can-making plants plus other types of plants, and the other can companies have tremendous numbers of plants, so when you have all these specifications, it builds up your inventory and creates all sorts of manufacturing problems.

We have worked along with this order, and it has been quite a chore. But now the Department of Commerce have something else which they want to add to this order M-81.

We had some meetings which started in November, which more or less wound up in January, and we were told by the Department of Commerce that they would like to save some tin for the stock pile. At first we had the figures of the estimated consumption for 1948, which were 65,000 tons of primary tin, that is pig tin either from the Texas smelter or tin brought in from out of the country, plus 25,000 tons of secondary tin, which is tin produced domestically by the de-tinning plants and is recovered from all sorts of tin scrap.

They told us that they wanted to save about 3,500 tons of tin, but it would be pig tin so it would have to be saved out of the 65,000 tons of pig tin.

So we figured out that domestic can-making industry used about 24,000 tons of pig tin, so if they wanted to save 3,500 tons, we would have to save about one-third of that, which would be a little over 1,000 tons, and the rest of the users of pig tin would save the balance out of what they used. After a lot of discussion, it developed that all of the saving, with the exception of a little bit which might be saved by cutting down the exports of tin plate, would have to come out of the domestic can-making industry. So we said, "We are patriotic, but we assume that all the other users of pig tin are patriotic, too, and if you want to save 3,500 tons of tin out of 65,000 tons, maybe everybody will want to contribute."

Unfortunately, I think we were about the only industry who had an order of this kind which was easy to control, and it was much easier to add a little amendment called direction No. 10 to the existing order than it would be to try to go out and control the use of tin in solders and maybe in 101 other industries on which you did not have a specific limitation order.

So we have this order, which was changed slightly. The idea was that we would be limited to the amount of tin we received on tin coatings in 1947. They were going to set a ceiling on the amount of tin that the can-making industry could use.

We said, "Well, we do not like it, but if we have to, we will go along with it," but we said, "Now you are putting a ceiling on the amount of tin that we can use, because you say that as new tin comes into this country, you want to put that in the stock pile, but you do not think you ought to put a ceiling on the amount of tin that all these other fellows are using?"

Frankly, we have never gotten that answer. That is one reason we do not like this type of control. It is just like a man walking around with a noose around his neck. It may not bother you at all, but somewhere along the line some guy may decide to see what happens if he gives it a jerk.

As Mr. Eggers has been saying, we have been trying to have controls eliminated. Now, there are different types of controls or there are no controls at all. The Reconstruction Finance Corporation can buy the tin, by Government directive, and set aside everything it wants for the stock pile, then, they can distribute the balance to industry. You can have a free market, or if you want to have some kind of controls, you could go down to the primary users. What you can do in a case like this is this: Most of our tin comes to us in the form of a coating on a tin-plate sheet. If the Department of Commerce went to the tin-plate companies, they have a record, and it is all spelled out in the reports made by the Department of Commerce, if they said to the tin producers, "We are going to give you so much tin, you work it out with the can companies how much tin plate each can company is going to get."

Well, the steel companies would come to the can companies and say, "Listen, Mr. Continental Can, last year you got so many tons of tin on your tin plate. That is what we are going to give you, because we just have so much to go around."

Then, we would order tin plate from these fellows and we would write our own can specifications. We are in the can business and you can bet that we would spread the tin as thin as it would be possible to spread it. So we would write specifications that fitted in with our production schedules, and which best suited our equipment and customers.

But the way it is here—I would like you gentlemen to take a look at this order and see what it involves.

Mr. NICHOLSON. You do not know where you get off, do you, or do you? I am getting confused.

Mr. MUTH. We are very much confused right now, frankly. We have an added order to go into effect on the 29th day of February. We were down here the other day, and we did not know whether tin controls were to go on for 30 days. At the end of 90 days, we may not have any controls at all. Here we are changing equipment over, buying different type of plate that we may never use, taking terrific cutting losses and so forth. We cannot work on a day-to-day basis like this. I think something like this proposed amendment, or direction 10, where you make it effective on Sunday, and which may be good for 90 days, should be killed. We do not need anything like that to run our business these days.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. On page 2 of your prepared statement, Mr. Eggerss, the second paragraph, you furnish some rather impressive figures. You show there that from January 1 of this year to January 31 of this year, the jump in estimates was from 13,400 tons to 27,674 tons.

Mr. EGGERSS. That is right.

Mr. TALLE. That is a jump of something more than 100 percent.

Mr. EGGERSS. That is right; sir.

Mr. TALLE. They are the figures of the Department of Commerce, I understand.

Mr. EGGERSS. They are the same figures that the Department of Commerce is using; yes, sir.

Mr. TALLE. What happened there? Is that a case of mistakes in estimates? Or did something unforeseen happen in the production to bring about the jump?

Mr. EGGERSS. No; it was too conservative a program on the part of the Department of Commerce. They were making allowances for the fact that something might happen in these tin ore mining countries, in the way of labor disturbances, and so forth, and they would not concede that those difficulties would only be in spots. In other words, they have taken a too conservative attitude and too pessimistic an attitude on what can or cannot be done. They seem to forget, as Mr. Muth has stated, that these countries are interested in dollars, and they are going to mine this ore and smelt tin and get dollars.

Mr. TALLE. You are aware, I take it, that the best tin ore is mined in Malaya.

Mr. EGGERSS. The ore is richer in tin content in Malays than in the other countries, but the resulting tin, after smelting, is of no better quality than that produced in other countries.

Mr. TALLE. That is right, that is putting it much better. But we have no opportunity to use any of that ore at our smelters in Texas City.

Mr. EGGERS. We do get about 16,000 tons.

Mr. MUTH. That is from the Netherlands East Indies that we get ours.

Mr. TALLE. We get it from Bolivia, Siam, and Netherlands East Indies.

Mr. MUTH. That is right.

Mr. TALLE. But the British have a 45 percent ad valorem tax on the Malayan ore, if it passes beyond the British possessions.

Mr. EGGERS. That is right.

Mr. TALLE. And we are not allowed to use it because we subsidize the smelter in Texas City.

Mr. EGGERS. That is correct.

Mr. TALLE. If we were a part of the British Empire, we could get it. Because we are not, we cannot get it.

Mr. EGGERS. That is a fact; sir.

Mr. TALLE. On page 4 of your statement, second paragraph, I quote "Neither we, nor our customers, would be willing to pay this great price for a product which would be no better than the product we now produce."

Mr. EGGERS. That is right.

Mr. TALLE. Will you say a word about the product you now produce?

Mr. EGGERS. I would like to have Mr. Muth tell you about that.

Mr. MUTH. We have made tremendous savings in can manufacture, through a reduction in the amount of tin coating that we use on the sheets made into cans, and also in the grade of solder that we use.

Before the war the Continental Can Co. used an average of 38 percent tin in the solder which it consumed in can making. During the war, a number of technical advances were made, and a lot of new equipment was built, and we were able to use solder containing 2 percent tin.

That applies only to a certain types of cans, of course. Our average consumption of tin in solder now is about 7 to 8 percent, as against the 38 percent before the war. That is one tin saving that has been rather substantial, and that is going to continue.

Then, just before the war, the only method of making tin plate, on a commercial basis, was taking a steel sheet and dipping it down into a molten bath. We used a unit in the industry of 120 sheets, 14 by 20 inches. These 120 sheets required 1.50 pounds of tin.

Around 1940 we cut it back to 1.03 and then down to 1.25 pounds of tin.

Around 1942 the steel companies began putting in electroplating equipment, and now, instead of having the prewar average of 1.50, we have an average tin coating of about eight-tenths of a pound, and that is applied electrolytically, it is more uniform than the hot dip coating, and it is very satisfactory for a very large part of our output. The price of tin plate that we buy has differentiations based on the weight of tin coating.

The cans that we sell to our customers, they also have differentiations based on the weight of tin coatings. These cans have been satisfactory to our customers, and there is no reason for these people to say, "We want prewar cans having this heavier tin coating, for which we would have to pay more money."

Mr. TALLE. I assume your explanations are related to your statement on page 5, first paragraph, "We firmly believe that with the removal of all tin controls, the consumption of tin in this country in 1948 would not exceed that of 1947 by more than a few thousand tons."

Mr. EGGERSS. That is correct.

Mr. TALLE. In other words, for reasons of cost, perhaps, you would have no desire to alter the production method now employed?

Mr. EGGERSS. That is correct, sir.

Mr. TALLE. I have some more questions but my friend to my right must leave so I will yield to him for a question.

Mr. KUNKEL. I would like to ask you, Mr. Eggerss, how far Indonesia has to go before it will attain the prewar levels of production. Can you answer that question?

Mr. EGGERSS. Mr. Muth can, I believe.

Mr. KUNKEL. I see on page 3 that you expect a 50-percent increase in the Indonesian production in the coming year. I wonder how much margin there is between present production and prewar production?

Mr. EGGERSS. In 1940, in Malaya, what they call the Federated Malayan States—there is a long island there—they produced between 78,000 and 80,000 tons. For the first three quarters of 1947, I think their production was about 27,000 or 28,000 tons, and they were operating at the rate of about 10,000 tons per quarter. So, I would say in 1947 the output should have been around 36,000 or 37,000 tons, as against the prewar figure of 78,000 to about 81,000 tons.

Mr. KUNKEL. As I get the picture of the Dutch East Indies, there are certain areas which are in rather bad shape, and in which little is being done, while there are others in which conditions have been pretty well stabilized. Is the tin-producing area one of the peaceful sections or one of the upset, so-called, sections?

Mr. EGGERSS. I do not think they are greatly affected by the upset conditions, because we get the tin reports from London every month and conditions seem to be all right. But the Dutch East Indies are making a very rapid comeback, but a little more slowly. There, however, it was a matter of getting a certain amount of equipment, bringing in fuel, food, and so forth. Then, some of the labor was scattered during the war—with the Japs using them for forced labor, and so forth—but production now seems to be coming back very satisfactorily and very rapidly.

Mr. KUNKEL. Has there been any tendency to restrict output on the part of this International Committee or agreement in order to retain markets for Malaya and the Dutch East Indies?

Mr. EGGERSS. I do not think so, up to this time. But that is one danger with which you are always confronted. The minute the supply and demand gets somewhat in balance, and if you want to build up stocks, this international group may go back to work again. I think with the tremendous amount of bargaining power which the United States has, and in view of all the contributions we are making under the European recovery program and some of the other plans, it seems that we ought to be able to get a certain amount of tin out of these countries.

Mr. TALLE. The Department of Commerce asks that we build up stock piles of tin.

Mr. EGGERSS. Yes, sir.

Mr. TALLE. Are you in favor of building stock piles?

Mr. MUTH. Yes, sir.

Mr. TALLE. How extensive do you think the stock piles should be?

Mr. MUTH. We do not know what the military requirements are, but with increased world production, and if there was an orderly program, over, say, a 5-year period, you could build up a very sizable stock pile.

Mr. TALLE. Did you not testify, Mr. Eggers, that the industry does not use more than 90,000 tons a year?

Mr. EGGERS. We feel confident that the combined industries in this country would not use more than 90,000 tons. That is right. That is both primary and secondary.

Mr. TALLE. Do you think a year's supply would be a good stock pile?

Mr. EGGERS. I would say this: With the high price of tin today, depending entirely upon the military needs or the thinking of Government, about which we do not know anything, we should not try to stock pile at these high prices today. One hundred thousand tons of tin-plate stock today would amount to over \$210,000,000.

Mr. TALLE. It would be a terrific loss in inventory.

Mr. EGGERS. It would be a terrific loss in inventory. Again, if we are facing an emergency of any kind, we should stock pile in spite of the high prices. I cannot say as to that. But if we can just control the normal economic situation ahead of us, and the world situation, we certainly should be conservative in our stock piling at these high costs.

Mr. TALLE. Were we caught short in December of 1941?

Mr. MUTH. We had a fairly large stock pile. We had, I think, 143,000 tons of tin when the war started. A lot of that was brought in during a period of about 2 years, when world production went up.

Mr. EGGERS. I might say, sir, that if, before the war, there was a world supply of tin such as there is today, in stock piles, there would not be any market for tin at all. What the average world supply of tin will level off at, to hold a world market, I cannot state, but before the war, they would be giving tin away, with the amount of stock piles that exist in this country alone today.

Mr. TALLE. Before the war there was no tin smeltery in the Western Hemisphere.

Mr. EGGERS. None whatever.

Mr. TALLE. But we are better off now, in that we do have one at Texas City.

Mr. EGGERS. That is correct, sir.

Mr. TALLE. So that would probably lessen the need for large stock piles.

Mr. EGGERS. Well, you would have to stock pile the ore, sir.

Mr. TALLE. That is right.

Mr. EGGERS. But not the tin. And that is very important.

Mr. TALLE. Stock piling the ore would be a good deal cheaper than stock piling the tin, is that right?

Mr. EGGERS. That is correct, sir.

Mr. TALLE. Thank you.

Mr. NICHOLSON. Mr. Chairman.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. Under this European recovery program, if our country granted some funds, would we not have more tin than we need?

Mr. EGGERS. I am sure that tin will come out of our ears, if we try to get tin, under the European recovery program. Because we have 16 affiliates of a greater or lesser degree——

Mr. NICHOLSON. I mean, if we loaned them money to produce this tin, there would be a surplus, is that right?

Mr. EGGERS. That is right, sir.

The CHAIRMAN. Are there further questions of Mr. Eggers.

(No response.)

The CHAIRMAN. If there are no further questions the committee will stand in recess until Monday morning at 10 o'clock.

(Whereupon, at 11:35 a. m., Friday, February 27, 1948, the committee adjourned, to reconvene on Monday, March 1, 1948, at 10 a. m.)

EXTENSION OF THE SECOND DECONTROL ACT

MONDAY, MARCH 1, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee reconvened, pursuant to adjournment, at 10 a. m., Hon. Jesse P. Wolcott, chairman, presiding.

Present: Messrs. Wolcott, Smith, Kunkel, Talle, Sundstrom, Kilburn, Buffett, Cole, Hull, Stratton, Banta, Nicholson, Spence, Brown, Folger, and Riley.

The CHAIRMAN. The committee will come to order.

We will continue the hearings on the extension of the section 3 of the Second Decontrol Act of 1947.

We have with us this morning Congressman Abernethy, of Mississippi.

Congressman, we are very happy to hear from you.

Mr. ABERNETHY. Thank you, Mr. Chairman.

STATEMENT OF HON. THOMAS G. ABERNETHY, REPRESENTATIVE FROM THE FIFTH DISTRICT OF MISSISSIPPI

Mr. ABERNETHY. Mr. Chairman and members of the committee, I have come for the purpose of trying to give the committee the information which the Subcommittee of the House Committee on Agriculture gathered in its investigation of the fertilizer situation.

I do not think it would be necessary, Mr. Chairman, to go into the need generally for nitrogen or nitrogenous fertilizers in every section of this country.

The letters which we have received from our constituents are sufficient evidence to convince me—and I think should be sufficient to convince all Members of Congress—of the fact that there is a definite shortage of nitrogen available to the American farmer.

Information has come to you, as well as to us, no doubt, that the industry is supplying many thousands more tons of nitrogen than it did before the war. That may be true. But at the same time there is still a very definite shortage.

I shall confine my remarks, Mr. Chairman, as best I can, to the supply problem, and the percentages of supply as compared with those in the occupied areas. Figures may be just a little boresome, but I think figures and percentages are what you and the committee need.

I have in my file a letter from the Secretary of Agriculture, under date of February 18, wherein he states that after three investigations made by the Department of Agriculture, the annual need of nitrogen in the United States is 1,160,000 tons, that is, pure nitrogen. I am speaking in terms of nitrogen and not nitrogenous-content fertilizers.

The Secretary states: "The American farmer needs today 1,160,000 tons of nitrogen"—and that statement was made after employees of the Department of Agriculture investigated the situation, not once, but three times.

Now that we have the need before us, let us see what the supply is. The fertilizer industry will have manufactured this fiscal year approximately 686,500 tons. We will import approximately 187,000 tons.

The War Department will manufacture 253,412 tons. My authority for the latter figure is Lt. Col. Albert S. Gritt, the Chief of the General Supply Section, Civil Affairs Division of the War Department. He imparted that information to our subcommittee when we made our investigation in December.

The sum total of those three sources of information——

The CHAIRMAN. Mr. Abernethy, the subcommittee you refer to is a subcommittee of the Committee on Agriculture?

Mr. ABERNETHY. Yes, sir; it was set up by our chairman, Hon. Clifford Hope, back in November, for the purpose of investigating the fertilizer situation. The committee was composed of——

The CHAIRMAN. I might say for the record that on that subcommittee you have made for yourself quite a reputation as an expert. That is why we are happy to have you here.

Mr. ABERNETHY. Well, I do not know whether I am an expert, but, in all humility, I do believe I have gathered as much information on the matter, Mr. Chairman, as perhaps any other member of the House of Representatives.

The total supply, manufactured and imported into the United States, comes to 1,126,712 tons. Now, if every single ton of the supply manufactured and imported into the United States was made available to the American farmer, he would still be short 33,088 tons.

I would like to repeat that. If every ton manufactured and imported into the United States was made available to the American farmer, he would still be short 33,088 tons.

Mr. COLE. Mr. Abernethy, do you prefer to complete your statement before you are questioned?

Mr. ABERNETHY. I will yield at any time for a question.

Mr. COLE. What do you mean by the "need of the farmer"? You say there is a need of 1,000,000 plus tons.

Mr. ABERNETHY. I would like to quote the Secretary of Agriculture on that. Quoting from the Secretary's letter, to which I have just referred, he says:

In an endeavor to arrive at a measure of the quantity of fertilizer nitrogen that would be needed by United States farmers in the immediate postwar period, the Department made a Nation-wide survey in 1944.

Then he refers to still another survey, and then says:

A third Nation-wide study was made during the winter of 1946-47, which placed the annual need at 1,160,000 tons of nitrogen.

As I understand that, the Secretary means that in order to meet the agricultural goal set by the Department of Agriculture, 1,160,000 tons of nitrogen should be made available.

Does that answer your question?

Mr. COLE. I think so. In other words, it is a Department of Agriculture estimate of what the farmers require or need; is that correct?

Mr. ABERNETHY. That is right.

Now, let us see how the supply is distributed.

Of the 1,126,712 tons, there is made available to the American farmer, 812,340 tons, which is about 72.2 percent of the supply. You may ask what of the remainder?

To Germany, Japan, and Korea, we are exporting 253,412 tons.

Through the Office of Materials Distribution, we are exporting, under what is usually referred to as our international export program, 61,160 tons.

Therefore, we are exporting, Mr. Chairman, 314,572 tons of the supply, or 27.7 percent.

I think you have the information as to what countries we are now exporting: They are Finland, France and Empire, Greece, the Netherlands, China and Formosa, India, the Philippines, Turkey, Canada and Newfoundland and the Latin American Republics.

I made the statement on the floor of the House the other day that there was more nitrogen available to the German farmer, who was shooting at us just a few years ago, than was available to the American farmer. That prompted my appearance before this committee, at the request of your very valuable member, Mr. Paul Brown of Georgia.

I can prove that statement, and that is primarily my purpose in appearing before you this morning, to prove to this committee that there is now available to the German farmer, our former enemy, more fertilizer than is available to the farmers that you represent in this Congress.

The American farmer has available today, based on the figures which I have just given you, a small fraction more than 70 percent. In other words, there is about 70 percent of the need available to the American farmer. He is short 30 percent of his need. I charge and I can prove that there is available to the German farmer 80 percent of his need. I prove my statement by the testimony given to our committee by the War Department during the investigation, and I would like to read from the committee print of the hearings in support of that statement.

I asked this question of Colonel Brett, on page 64 of the hearings:

Mr. ABERNETHY. Colonel, when do you expect to reach the saturation point in the supply of foreign countries?

Colonel BRETT. On fertilizers?

Mr. ABERNETHY. Yes, sir.

Colonel BRETT. Do you mean 100 percent of their requirements?

Mr. ABERNETHY. That is right.

Colonel BRETT. We hope to reach it about 1950, sir, the fiscal year 1950.

Mr. ABERNETHY. In other words, you are looking forward and planning to the fertilizer year 1950?

Colonel BRETT. That is right.

Mr. ABERNETHY. And you are now within 0.2 of that supply?

Colonel BRETT. Yes, sir.

To put it another way, instead of saying they are within 0.2 of that supply, that means that they are now being supplied with 80 percent of the need, as against 70 percent for the farmers which you and I represent.

But the Department of Agriculture, Mr. Chairman, disagrees with the War Department. The Department of Agriculture says, in figures supplied me last week end, that the German farmer is receiving 96 percent of his need.

In the prewar years, the German farmer received 46 pounds of nitrogen per arable acre. In 1947 and 1948, fiscal year 1948, the German farmer will receive 43 pounds of nitrogen fertilizer per arable acre. As against what for the American farmer per arable acre? Four pounds.

Those are figures that were supplied by the Department of Agriculture. The Department of Agriculture says that the American farmer today is receiving 4 pounds of nitrogen per arable acre and that the German farmer is receiving 43 pounds of nitrogen fertilizer per arable acre.

Mr. COLE. They have determined that 4 pounds per arable acre is the need here in the United States?

Mr. ABERNETHY. No; they have not determined that that is the need. They have determined that that is the supply.

Mr. COLE. That is the supply; not the need?

Mr. ABERNETHY. That is the supply; not the need. I appreciate the fact that the lands of Germany have been farmed for years and years and years and years—much longer than ours—and that their farming is on a highly intensified basis, and that they no doubt require much more nitrogen per acre than do the American farms. But it must also be borne in mind that there are sections of this country which have been farmed for 150 to 250 years, and that as the fertility of their soils is being depleted their need is growing constantly. Their supply is at this time far from adequate. We are gradually depleting our soils at a very rapid rate. My understanding is that, due to depletion of soil fertility, more than 500,000 acres of land in the United States are going out of cultivation each year. We have absolutely mined them of the mineral content necessary to produce crops.

The fact of the matter is that the destruction of soil fertility in this country is greater today than it is in any other section of the world, and with the Department of Agriculture calling on our farmers to produce tremendous goals each year—9,000,000 more acres of land will be required this year than last year if they meet the goals set for this year—then, certainly something must be done to make a sufficient amount of nitrogen available to our farmers, or, at least, to make the same amount available to them which we are making available to our former enemies.

Mr. SMITH. Would you yield?

Mr. ABERNETHY. Yes, sir.

Mr. SMITH. In other words, we are not only depleting our soil in this country, but we are actually exporting it?

Mr. ABERNETHY. We are exporting nitrogen in the form of wheat, corn, and grains of other kinds, cotton and other crops, taken from the soil and exported to other countries. It takes nitrogen to produce crops. So, in substance, we are exporting the soil.

Mr. SMITH. And that is the last thing any nation ought to do? That is the last thing any nation ought to export?

Mr. ABERNETHY. Definitely so. Definitely so.

We are shipping to Germany today 6.2 pounds of nitrogen per arable acre. Do not misunderstand me. They have other sources of supply to make up their present supply of 43 pounds. So if they have 43 pounds of nitrogen per arable acre, then, from some other source—

from their own plants, perhaps, many of which I understand are now operating—they are getting about 36.8 pounds per arable acre.

Mr. SMITH. At that point again, we had some testimony here the other day to the effect that practically none of the fertilizer plants in Germany are in operation. Is it your contention that they are?

Mr. ABERNETHY. My information is—I cannot turn to the exact page, but it is in the reported hearings of our committee—that there are plants in operation in Germany—I will get to that in a moment—and the production is being stepped up over there. The War Department told us that as production over there was stepped up, that the War Department would step down the amount made available from our plants. I am getting to that in just a minute, and will give you some figures on it.

Incidentally, the War Department, during our hearings, was unable to supply us with the information—that is, they were unable to say whether the supply per acre to Germany and the occupied countries was comparable to the supply to the American farmers. Well, I have it for them now, and if they would like to have it, they may get it from me.

This, Mr. Chairman, definitely and conclusively proves that the supply to the German farmer is much greater than that which is available to the American farmer. I have given you the proof in pounds and percentages.

The purpose of my appearance, Mr. Chairman, is to ask your committee, in reporting this legislation, if we are to continue our export program to the countries named a moment ago—Finland, France, Greece, and so forth—that the bill carry language requiring that nitrogen for export be taken from Ordnance production. The figures conclusively prove, Mr. Chairman, that the American farmer is not treated on a par with the German farmer when it comes to supplying nitrogen. I am not offering that as a criticism of anyone. That is simply the situation. Certainly, it is our duty to put our farmers in a comparable position. A portion of the supply which we are sending to the German farmer can be diverted to meet international commitments, if we make any, for the fiscal year 1949.

Mr. COLE. May I interrupt.

Mr. ABERNETHY. Yes, surely.

Mr. COLE. Then, you mean that all exports, including that which is shipped to occupied areas, be taken only from the plants which the Government owns?

Mr. ABERNETHY. That is my point, and I will give you some additional figures on that in just a moment.

Here is what the international export program is doing to certain sections of the country. You have had testimony, no doubt, to the effect that we are exporting only 7 percent of the amount manufactured by American industry—this is exclusive of the War Department now. That is true, we are exporting only about 7 percent. But that does not mean that they are taking exactly 7 percent of the nitrogen across the board from every plant. From some plants the Government is taking much more than 7 percent. From some plants they are not taking any at all.

I think I am right in that. I know I am right when I say that from some plants we are taking far less than 7 percent.

I have a letter from the Lion Oil Co. of Eldorado, Ark., which is with reference to ammonium nitrate. I would like to read one or two excerpts from this letter. Let me make this clear first. The Office of Materials Distribution of the Department of Commerce stated to the Lion Oil Co. and other producers that for the fiscal year 1948, "We want 16 percent of your fiscal 1947 production to meet international allocations for fiscal 1948."

Well, that is 9 percent more than the 7 percent you have been hearing about.

"If you produced a hundred tons in 1947, we want 16 percent of that amount for 1948." That is what our Government demanded.

The production of the Lion Oil Co. for 1948 went down. They say it went down approximately 50 percent. The Government did not say, "We want 16 percent of your production for 1948." But "We want, for 1948, 16 percent of the quantity which you produced in 1947." So if they are producing only half in 1948 of what they produced in 1947, the Government exacts of that plant 32 percent of its production.

Mr. COLE. How did that happen to go down to half?

Mr. ABERNETHY. I do not know how it happened, but it did. Well, the point is this: the Government is called upon to furnish a certain amount of nitrates. There are some forms of nitrates that are not as suitable for export as others, they cannot be handled in export as well as others, and since the type of nitrates that Lion was manufacturing were more suitable for export, or since probably it was more suitable for production of food in foreign countries, they called on these plants for a larger percentage of their output.

Mr. COLE. Is that fair?

Mr. ABERNETHY. I do not think it is fair.

Mr. COLE. Mr. Abernethy, let me ask this question: the production generally in 1948 will be up in the whole country, will it not?

Mr. ABERNETHY. In some plants it will be down.

Mr. COLE. Assuming it will be down in some plants, with respect to the country, as a whole, I assume that fertilizer production will be higher.

Mr. ABERNETHY. My understanding is that it will be slightly higher, but even then it will not meet the need if we kept every ton of it.

Mr. COLE. I realize that, but I wonder if you are quite fair in arguing with regard to one particular plant.

Mr. ABERNETHY. Well, I can give you similar information on some other plants.

For the fiscal year 1948, the Lion Oil Co. estimated that it would produce 132,160 tons of ammonium nitrate, as against about 174,000 tons for 1947. So when they say, "We want 16 percent of your 1947 production," or an equivalent of that, then, they take more than 16 percent of the 1948 production. I hope I am making myself clear.

The Lion Oil Co. stated that the Departments of Commerce and State had called upon it for 42,415 tons of that production, which is just about a third or 30 percent of it, leaving only 89,745 tons available to the farmers of that particular area who are dependent upon that plant for their ammonium nitrate and who have been its customers for 3 years.

Mr. COLE. I see your point, then. Your point is that it is unfair to the locality and the community?

Mr. ABERNETHY. Why, certainly, it is. The same situation exists as to the Spencer Chemical Co. out in Kansas City in your State.

Spencer Chemical Co. advised me in a letter of December 6 that they were quite certain that they would not be in position to supply even 10 percent of the most urgent demands and needs of their home area——

Mr. COLE. My understanding is they are not supplying any out there.

Mr. ABERNETHY. Well, last year they supplied a little to my section of the country, but this year we cannot get any from them. And although you will not be able to get anything like as much as you did for 1947—if I am wrong, there is a man here who can correct me—the Government said to them, "We want tonnage equal to 16 percent of your 1947 production for our export program for 1948."

Mr. SMITH. This affects, then, also the distribution?

Mr. ABERNETHY. It affects the distribution in the United States and makes it very unfair to some farmers who are very much in need of nitrogen fertilizer.

So, when witnesses come before this committee and state that we are only shipping 7 percent of our supply, that is not the whole picture. The fact is that 30 percent of the supply to certain sections of the country, is being exported under our export program. That is true of the Lion Oil Co. That is what Lion says in the letter which I have before me.

So this is my point: The international allocation program is discriminating against farmers of certain sections of the country. It is not fair to force farmers who ordinarily get their supply from a plant which is in their vicinity to give up an unreasonable proportion of the supply available to them.

With the continued reduction in soil fertility in this country, and with the need for additional nitrogen definitely established with discrimination being practiced against our American farmers as a result of the international allocations and export programs, and with agricultural goals for 1948 even higher than they were in 1947, and with definite proof before us that the German farmer today is receiving more fertilizer than the American farmer, I think we ought to do something about it; in fairness to ourselves and to our own farmers, we must do something about it.

Then, what? The least we can do is to discontinue making allocations for export from the only source that is available to the American farmer, and that is private industry. The ordnance production is still available to him, although it is paid by him as an American taxpayer.

Mr. FOLGER. Mr. Abernethy, all that goes to the occupied countries, does it not?

Mr. ABERNETHY. That is right, and the point I am making is that we are a party to making more available to him than we are leaving available to ourselves. I think that the ordnance production, 250,000 tons, could absorb the international allocation program. I think it could easily absorb it.

The rated production of ordnance plants is 290,000 tons per year. That appears on the hearings of our committee, on page 74. Yet they are only producing 253,412 tons. They are 36,588 tons under their rated production. Now, I do not know what it would take to step

them up to their rated production, but if they have been rated as being capable of producing 290,000 tons, then, there is no reason why they cannot do it.

Mr. COLE. Somebody said the other day that it was due to the nature of the plants. That even though they may be so rated, the practical operation of them is such that it cannot be done.

Mr. ABERNETHY. I think that testimony primarily had reference to some other plants which they contended could not be operated on an economical basis. I do not have reference to those plants.

The CHAIRMAN. Do you draw a distinction between rated production and capacity?

Mr. ABERNETHY. I do not know, Mr. Chairman. I recall interrogating the War Department officials on this, and some other witnesses who appeared before our committee. I recall that we brought out the fact that they were 36,588 tons under their rated production. It was my understanding that with the proper appropriations made available, that they could step their production up to the rated capacity.

My object in bringing that out is this: we are allocating for export 61,160 tons this fiscal year. If the War Department stepped up its rated production, increasing its production by approximately 36,500 tons, that would take care of 60 percent of the international allocation program. And if we must, if we just simply must make available to Fritz, in Germany, 80 percent or 96 percent as the Department of Agriculture says, of his need, if we just must do it, at least, let us step up the ordnance production and make it all available to him, and get him up to a hundred percent. Certainly, if we possibly can step this production up to peak, they ought to either give it to Germany or give it to us. Somebody ought to have it.

Mr. COLE. Mr. Abernethy, on that point, I probably should be a greater fertilizer expert than I am, coming, as I do, from a farm State, but do you have any information concerning the use of nitrogen with respect to its value as a fertilizer, for each annual crop, and its value for permanent soil conservation and land-building qualities.

Mr. ABERNETHY. No, I do not, but my understanding is this: if a stalk of corn exacts so much nitrogen from the soil in producing an ear or two ears of corn, if you put that amount of nitrogen in the soil in the beginning, then your soil for the next year will have the same mineral content which it had when the crop was started. I may be wrong about that, but that is my understanding.

The CHAIRMAN. Mr. Abernethy, you are speaking now, in your percentage figures, of the nitrates which we export to the occupied zones. I think you said that they get perhaps 96 percent of their need.

Mr. ABERNETHY. No, I did not say that we are exporting 96 percent of their need, Mr. Chairman. I stated that the Department of Agriculture supplied me with figures which show that they have 43 pounds of nitrogen available per arable acre this year as against 46 pounds before the war, which would put them within 4 percent of their prewar supply of nitrogen. 6.2 pounds of 43 pounds is supplied by the United States.

The CHAIRMAN. That is what I am driving at. Are they getting Chilean nitrates or nitrates from other sources?

Mr. ABERNETHY. They get nitrates from other sources. They are bound to, Mr. Chairman.

The CHAIRMAN. The point is if they are getting 96 percent of their needs from the production which comes from our Ordnance plants, then, they have only got to get 4 percent from other countries to fill their needs.

Mr. ABERNETHY. No, they are not getting 96 percent of their needs from our Ordnance plants, Mr. Chairman. We are supplying only a percentage of 96 percent. We are supplying 6.2 pounds per arable acre of the 43 pounds which they have available per arable acre. In other words, they are getting 36.8 pounds per arable acre from other sources. I do not know the identity of those other sources. Some of it is imports from other sections of the world; some of it is from their own plants—I have forgotten how many plants are in operation over there—I think that that testimony came out before our committee. I know there were as many as six, in the area which we occupy. And those plants are now producing.

Major Reddington stated before our committee——

The CHAIRMAN. Was that 96 percent the total fertilizer needs or just the nitrogenous fertilizer?

Mr. ABERNETHY. I am speaking only of nitrogen, because nitrogen is the only form of fertilizer involved in this legislation.

Mr. SPENCE. What is the requirement, per arable acre, in the United States, of nitrogenous fertilizer?

Mr. ABERNETHY. It is difficult for me to answer that question, Mr. Spence, as to the requirements. I will say that the Secretary of Agriculture advised me that the need of the American farmer was 1,160,000 tons of nitrogen annually. That is what the American farmer needs. Now, we have about 460 million acres of culturable land and pasture land, and so on, but I do not think we could use that figure to find out what the need is per arable acre. I will say, however, that we have available 4 pounds of nitrogen per arable acre in the United States, according to the Department of Agriculture, as against 43 pounds in Germany.

Mr. SPENCE. Well, arable acres means what: cultivatable land or land actually cultivated?

Mr. ABERNETHY. Cultivatable land.

Major Reddington stated before our committee as follows—and this appears on page 58 of the committee print of our hearings:

Mr. ABERNETHY. Has production not been stepped up year by year?

I had reference to Germany.

He answered:

That production has been increased quite a bit, and will be increased in the future.

Then, I asked this question:

As their production is stepped up, I assume that the supply of ordnance is stepped down?

He said:

Yes; it will be.

Now, since they definitely are receiving more nitrogen based on need and also on a per acre basis, I cannot see why it would not be fair to say that, "We are going to step you down just a little and put you on the same percentage as the American farmer, and we are doing this

so that we can make available to your neighbors in Europe and other sections of the world 61,000 tons of nitrogen which we are taking away from the American farmer and from private industry to supply your neighboring countries."

That seems to me to be very fair.

I have just learned, Mr. Chairman, via the grapevine—and I am not in a position to reveal the source of the information but I know it is very accurate—that on July 1, 1948, the Bi-zonia area, to which we are now supplying 45,000 tons of nitrogen, will be taken over by the State Department.

If that is true, then, under present authority given the War Department to supply the occupied countries, it will be barred from supplying that 45,000 tons to Bi-zonia.

Well, now, where is it going to come from? That means that the Department of State, if they carry on this international allocation program—which they will do—will, in addition to the 61,000 tons which it is supplying to other countries of the world, also call on American industry for that 45,000 tons.

That is what it means. And I think this probability may be worth just a little inquiry.

A word about the fertilizer industry. I do not say this for the purpose of making a headline. My point is probably beyond the jurisdiction of this committee, so far as this legislation is concerned. Somewhere along the line from the manufacturers to the farmer there are evidences of unclean hands in pricing and distribution. By no means do I intend to indict anyone. But there does appear to be a few black sheep in the flock which should be removed.

There have been certain tie-in sales, where farmers have had to take a certain amount of this in order to get a certain amount of that. The prices have been absolutely outrageous, and one of the things which is making them outrageous is the shortage of nitrogen in this country. The greater the shortage, the higher the price. If our farmers are receiving only 70 percent of their need, while we continue to take a certain amount of the industry's production and ship it abroad, then by so doing we are contributing to the scarcity and the boost in price and encourage black marketing.

The average small farmer in my section is just out of luck when it comes to getting a reasonably supply of nitrogen. The large farmers can go into Memphis or some other city and somehow or other they come back with nitrogen. But the average little farmer throughout this country, working 100, or 75, or 120, or 140 acres of land, particularly in the southern and southeastern areas where nitrogen is sorely needed, is just out of luck, with the supply 30 percent short of need.

So let us make this additional 61,000 tons available to the American farmer and take the equivalent from Ordnance to fill our international allocations. That will tend, in a small way, to bring the price down, to do away with black markets, and will certainly make available to certain areas all of the fertilizer which is produced in their local plants—such as in the case of Lion Oil Co., which is now being called upon to turn over to the Government 30 percent or more of its ammonium nitrate. It will eliminate these discriminations.

Mr. SMITH. Mr. Abernethy, do the Government-owned plants have sufficient capacity to make up this difference of which you speak?

Mr. ABERNETHY. If they come up to their rated capacity, they can make up 36,500 tons of it.

Mr. SMITH. I am just asking for my own information. I am wondering why they have not stepped up their capacity.

Mr. ABERNETHY. I cannot answer that question any further than I have, Dr. Smith. If I attempted, I would be guessing and probably I would be making a statement that I just can not support.

Now, in summary, there is available to the German farmer today, according to the War Department, 80 percent of his need; 96 percent according to the Department of Agriculture. There is available to the American farmer 70 percent of his need. The international allocation program is discriminating against farmers located near certain plants which are called upon to supply as much as 30 percent of their production for international allocations.

In order to put the American farmer on a par with the farmers of the occupied zones of Japan, Korea, and Germany it is my feeling, and my recommendation, that this Committee embody in this bill an amendment requiring that international allocations be taken from Ordnance production and leave available to the American farmer that which is produced by American industry, and that export controls in the ordinary course of trade be continued.

After all, Mr. Chairman, the tonnage produced in the Ordnance plants, whether it be 250,000 tons, as now, or whether it be 290,000 tons, their rated production, is paid for by the American taxpayer. It amounts to about 25 percent of American production. When we give to Germany, Japan, Korea, and to Finland, France, Turkey, and the Latin American countries—and others receiving exports from this country—I think we have been very generous and very reasonable. Twenty-five percent of our supply is a pretty nice portion to distribute around the world when, with it all, we do not have enough to meet our own needs.

Mr. KILBURN. Are you in favor of keeping controls on?

Mr. ABERNETHY. Do you mean on nitrogen?

Mr. KILBURN. Yes.

Mr. ABERNETHY. Well, the only controls we have, as I understand, are export controls. I am certainly not in favor of exporting the domestic supply so long as the supply is short of our need. I think we should retain export controls for the time being; yes.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. When Colonel Heiss testified last week on behalf of the War Department, Mr. Abernethy, I asked for production figures, along with some other figures. One specific question which I put to him had to do with present production as against potential production. My assumption was that they were not producing at capacity, and I asked whether they could step it up. Colonel Heiss answered the question by saying that present capacity was potential production.

Now I understand, from your testimony, that they could step their production up.

Mr. ABERNETHY. Mr. Talle, there is a difference of opinion on that. We never got a direct answer in our investigation. But from such information as I gathered I am definitely of the opinion that their production can be stepped up.

It may require additional appropriations; that is true. But the money would be well spent if it produced more food and helped to conserve the fertility of our soil. We are called upon to feed the world. We are called upon, this year, to produce the largest crop we have produced since the war—much larger than in 1947.

Now, how are the American farmers going to do it if they do not get machinery and nitrogen—if they do not get within 90 or 95 percent of their needs of nitrogen at least? They just cannot do it. They might by mining their soil to death, by taking from that soil nitrogen and other chemicals necessary to produce crops, which, in turn, as Dr. Smith brought out, is just like sacking up our soil and shipping it abroad.

Mr. TALLE. I think your testimony is very valuable to the committee.

Mr. ABERNETHY. Thank you, Mr. Talle.

The CHAIRMAN. Are there any further questions?

Mr. NICHOLSON. How much tin do we produce in this country?

Mr. ABERNETHY. I cannot testify as to tin. I only direct my testimony to nitrogen and the supply.

Mr. NICHOLSON. I am sorry. I came in late and did not realize that.

Mr. ABERNETHY. I just do not know about the supply of tin.

Mr. RILEY. Mr. Chairman.

The CHAIRMAN. Mr. Riley.

Mr. RILEY. Mr. Abernethy, I think, as has been stated by Mr. Talle, that your testimony has been very valuable to the committee. I think I understand it, but I would like to get it clear in mind.

You are not asking for any production of Ordnance to be made available to farmers in this country?

Mr. ABERNETHY. That is beyond the scope of the legislation before this committee, as I understand.

Mr. RILEY. You are simply asking that it be made available to the countries to which we are shipping our supply of commercial fertilizer.

Mr. ABERNETHY. That is right. I am as strong a believer in a free-enterprise system as anyone, Mr. Riley. I do not think that Government plants should be put in competition with the fertilizer industry.

When the need of Government production in the occupied areas is ended then I favor a disposition of the plants to private industry in order that their production may be available to our farmers, who can use it even now.

Mr. RILEY. But you want an amendment that will make this supply of nitrogen available to the countries we are supplying other than the occupied zones?

Mr. ABERNETHY. That is right.

And I forgot to make this statement: I asked a representative of the fertilizer industry, who appeared before our committee, if the industry would have any objection to the Government taking care of the international allocations program, or export program, from ordnance production, and he stated: "We support it, and in fact I believe the Advisory Commission itself suggested it."

That is in our reported hearings, and I can cite the page, if you would like. He is the Washington representative for one of the fertilizer organizations. He stated that they would welcome it.

Mr. RILEY. Thank you very much.

The CHAIRMAN. The hearings of your subcommittee, Mr. Abernethy, will be made available to the committee?

Mr. ABERNETHY. Yes, sir.

The CHAIRMAN. Mr. Abernethy, if you have any supplemental statement which you would like to put in, we will be glad to have it. You have been very helpful.

Mr. ABERNETHY. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Jewett, you have been very tolerant. We realize that we have inconvenienced you considerably, and you have been very kind about it.

Mr. George Jewett is from the Office of Metals Reserve of the Reconstruction Finance Corporation.

Mr. JEWETT. I have no prepared statement, Mr. Chairman. I will be glad to review our operations or respond to any questions, if I can.

The CHAIRMAN. I think probably if you would review your operations and give us as much information as you can as to our capacity to produce tin, where we get our tin ores and concentrates, and so forth—anything that you think would be helpful to the committee in that regard—we will be glad to have it.

Mr. JEWETT. I will be glad to do that.

STATEMENT OF GEORGE S. JEWETT, OFFICE OF METALS RESERVE, RECONSTRUCTION FINANCE CORPORATION

Mr. JEWETT. A question was just asked as to our domestic tin supply. It is practically nonexistent. I believe the statistics indicate that the highest annual tonnage ever produced was 27 tons of contained tin in the continental United States.

In Alaska there are some showings, however, the largest production, according to the statistics on Alaska production, was 166 tons. Therefore, it is obvious that we have to go beyond our borders for our tin supply.

During the course of the war period, our chief source of supply for the ores was Bolivia, partly because of its geographical nearness. We obtained from Bolivia, during most of the war years, approximately 50 percent of its production, the other 50 percent going to England. I might mention in that connection that the 50 percent which went to England is controlled by what are called the Patino interests, and it is my understanding, at least, that those interests still have a rather large financial interest in the Williams Harvey tin smelter in England. That may account for the fact that there is a tie-in between that ore supply and the English smelter.

In that connection I might note that during 2 years, during the war, the United States Government and the British Government made arrangements so that a portion of the Patino supply also came to the United States. These agreements, however, are now discontinued, so that our only source of Bolivian supply is from the non-Patino ore.

Another element has intruded itself into that picture rather recently in connection with the Argentina-Bolivia agreement. That agreement provides that Argentina will buy a certain portion of the Bolivian production, and Bolivia, on its side, agrees to sell that proportion.

Mr. SMITH. Is there a difference in the price that Argentina pays and that which we pay?

Mr. JEWETT. There is no price stipulated in the agreement. However, the agreement does stipulate that Argentina will pay the going price. I assume that at any time during which we are purchasing, they will probably pay the price we are paying for the ore.

Mr. NICHOLSON. Mr. Chairman, I am sorry to interrupt Mr. Jewett, but I would like to ask a question there.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. I understood that we get a great deal of tin from British Malaya. The World Almanac showed that four-fifths of their production of tin came to us. Perhaps I am wrong about it, but what I do not understand is why we should be taking this tin away from the canners or anybody else, as long as we do not produce any. Why would it not be better to loan these other people money, if they want to do it, and compete with us.

Mr. JEWETT. Just before your question was asked, I was talking about the ore supply as distinguished from the metal supply. It may be of interest, though, to mention the matter that I think was mentioned the other day during the committee hearing, and that is that our only source of material from British Malaya does happen to be the metal rather than the ore for the reason that—I have not seen the law, but it has been my general understanding that there is a 45 percent British Empire preference tax which applies to the export of ore from British Malaya, to every place outside the British Empire. That, I believe, has been in force since about 1920, and that is at least one reason why we have had no tin smelter in the United States since that time until the Government-owned tin smelter was erected in Texas City.

It is true that prewar, the chief source of tin metal imported into this country was British Malaya—that ranged, I think, from 60 to 80 percent of the total tin supply. As I say, at the present time, we do not have recourse to the Malayan ores for the reason mentioned. We do buy a substantial portion of our tin metal from the British Ministry of Supply, which is marketing the Malayan tin at the present time. Their production last year, I believe, was of the order of 29,000 tons in Malaya. Figures have been mentioned of around 45,000 to 50,000 tons, as the probable production for 1948.

Mr. NICHOLSON. And do I understand that Great Britain allocated 40 percent of that tin to us?

Mr. JEWETT. No; Great Britain, as such, does not allocate that tin. The allocations are made by the Combined Tin Committee—a Committee on which representatives of various nations sit—the United States, Britain, Holland, France, Belgium, and, I believe, India and China also. That Committee does perform the allocation function. It allocates only tin metal, not tin-ore supplies.

Mr. KILBURN. What would you think about removing controls on tin altogether?

Mr. JEWETT. Actually, the Reconstruction Finance Corporation, as such, has not either supported or opposed the maintenance of controls.

Mr. KILBURN. I know. What do you think about it?

Mr. JEWETT. My personal opinion is that there would be a fairly extended period of completely unsettled conditions. I think that it

would probably result in more tin coming to the United States, and I say that for this reason:

As you know, the dollar is rather attractive at the present time. I think that there are enough dollars in the United States that could be used for the buying of tin so that probably more tin would be bought than is presently bought—the present buying being restricted, as I indicated, by the operations of the Combined Tin Committee. I believe the theory of the Combined Tin Committee is the following, however: That it is the body through which a fair apportionment of the entire tin supply is made available to the various consuming countries. That seems to me, frankly, a sound principle on which to operate. And in my opinion, although the United States might have a short-term advantage by having the larger tin supply, it seems to me that it would not gee up with the other obligations of the United States Government, and the indication that it wishes to act fairly and squarely with the other countries of the world.

Mr. KILBURN. Of course, we had the same fear about sugar. We were afraid to take controls off. We were afraid the price would go up to 35 or 40 cents a pound. As soon as we took controls off, everybody had sugar running out of their ears. Everybody had all they wanted. We had testimony here from some of the people who supposedly know the tin situation who said the same thing would happen to tin.

Mr. JEWETT. I do not share that opinion. Certainly tin is in greater supply—is going to be in greater supply, this year than last year. I believe testimony has been given to the effect that there would be a production of some 50,000 to 60,000 tons greater this year than was had last year. However, it must be recalled that the present consumption in the United States, at least, is a restricted consumption.

Mr. COLE. How would the removal of the powers granted under this law affect the allocation by the Tin Committee? I do not see that that has any relation to it.

Mr. JEWETT. The only way in which it would affect it, as I see it, is this: It would make the Combined Tin Committee impotent.

Mr. COLE. Why?

Mr. JEWETT. I think you would have to have at least the Commerce Department, or some other department of the Government, in a position to restrict the amount of tin which was imported during a particular period of time.

Mr. COLE. Let us assume that they do restrict that amount of tin imported. Yet some of these controls, or some of these regulations with reference to distribution in this country would not affect the international agreement at all, would they?

Mr. JEWETT. Frankly, I do not follow your question.

Mr. COLE. That law authorizes controls here over distribution or end use, in other words, of tin?

While we may not want to deem it advisable to remove all controls, or do away with all international agreements with reference to tin, yet we may feel that many of these controls with reference to distribution within this country, particularly in connection with end use of tin, might be eliminated. That would not affect the international situation, would it, or our international agreements as relating to distribution?

Mr. JEWETT. Frankly, I do not feel qualified to answer that question. I think that should be addressed to the members of the Department of Commerce. I would be glad to try to answer it, but I feel that I am unqualified to answer that question.

Mr. KILBURN. I think a point made by someone who testified here the other day was that people who use tin are guided by a long statement, in fine print, and they have got to put just a certain percentage of tin covering a certain can for certain use.

Mr. JEWETT. I do not envy them.

Mr. KILBURN. Of course, that kind of thing in my opinion, wastes tin, because then they cannot switch those cans from one use to another. They might have a storehouse full of cans of a certain type and not be able to use them at all.

Mr. JEWETT. In the testimony which I have given, I would not want it understood that I, or the Reconstruction Finance Corporation, was opposing the private importation of tin. We do not. If the private importation of tin can be worked out within the controls of the Commerce Department at the present time, or in the absence of contracts, we are perfectly in accord with that objective.

Mr. NICHOLSON. Mr. Chairman.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. If we were allowed to go in the open market and buy tin—and I understand every foreign country needs tin—there would be no need for controls, would there? We have more dollars, and we could get all the tin we want, and we would not have to control anybody?

Mr. JEWETT. I think there are no absolute requirements for controls. The question would arise whether the companies who do have foreign contacts and who do have larger financial reserves would not be able to achieve greater advantages and have greater comparative safety than the smaller companies which do not have those advantages. However, that, of course, obtains in the case of all other materials over which you do not have controls.

Mr. STRATTON. Do you believe if these controls were taken off tin, that you might not have a larger use of substitute materials, particularly for the preservation of food and other things of that nature, which might perhaps be even more economic to use than tin itself? A great deal has been made here of the food-preservation problem, to the effect that we would not be able to keep our commitments on food to these other countries without these controls. What have you to say to that?

Mr. JEWETT. I am not qualified to speak on the opportunities for substitution of other materials for tin. Certainly, with the price of tin being as high as it is—we are selling our grade A tin at present on the basis of 94 cents a pound—certainly there will be every effort, I think, to replace that with a cheaper-priced product. However, in that connection I may mention that copper has risen about the same amount as tin over the price which obtained in the thirties, that zinc has increased even more than tin has over the same period of time, and that lead has increased far more. So at least there is not very much opportunity to change from tin to one of those materials, because proportionately there has been the same or a greater increase on the other materials than we have had on tin. You would always have that attempt, at least, to substitute a cheaper-priced material.

Mr. TALLE. May I ask a question at that point?

The CHAIRMAN. Mr. Talle.

Mr. TALLE. I agree with you that tin should be used for preserving food. But should not that use be carried a little farther than it is now being carried? Should not the manufacturers of refrigerators have access to tin for making the right kind of shelves for their refrigerators? Tin is better than any substitute that I know of for that purpose, and so the manufacturers say. One manufacturer in my district who was told that he could not get the tin was told to use substitutes; and he has incurred a very great loss, because people find that the substitute shelves are not proper for refrigerators. So if we talk of preserving food in cans, should we not also preserve food in refrigerators? That is what they are for. Yet a manufacturer of refrigerators cannot get any tin.

Mr. JEWETT. Again I state that since we, in the Reconstruction Finance Corporation only participate in the buying of the tin supply and the selling of the metal, it is rather difficult for me to answer that question. I can see the real point there, though, which is this: that in a nonwar period, it is pretty hard to distinguish between essential and nonessential uses. However, as I say, I respectfully refer you to a Commerce Department representative on that point. They are the ones who are now operating the various controls which do exist on tin.

Mr. STRATTON. Your operations do affect the price of tin, certainly.

Mr. JEWETT. We determine the price; yes.

Mr. STRATTON. And in that respect you also determine the use, to a certain extent?

Mr. JEWETT. To a certain extent, yes.

Mr. SMITH. Mr. Jewett, do you cooperate to any degree with the Tin Committee?

Mr. JEWETT. I attend the meetings of the Combined Tin Committee, although I am not the United States Government representative of that Committee.

Mr. SMITH. But the Reconstruction Finance Corporation has contacts with this Tin Committee?

Mr. JEWETT. Yes, we do.

Mr. SMITH. Originally, international cartels were set up to restrict production in tin, rubber, and so forth. Does the Combined Tin Committee at the present time in any way restrict production?

Mr. JEWETT. It does not.

Mr. SMITH. I am wondering why it is continued, then. Under a system of free enterprise, the basis on which the cartels were formed, too much tin was being produced. Now it is the other way round, and yet there is still place for this Combined Tin Committee. Why? Why does not the law of supply and demand operate now, just as it did before any of these cartel arrangements were set up?

Mr. JEWETT. I think that law has not yet been repealed, Dr. Smith.

Mr. SMITH. You mean the law of supply and demand?

Mr. JEWETT. Yes. As I stated before, I do think that it can well be argued that with the situation where other foreign currencies are not very attractive to sellers, and where the dollar is particularly attractive at the present time, the result, in my opinion, of having that control dropped would be a larger flow of tin metal to the United States, which, as I say, would produce a short-term advantage to the United States producers.

It would, however, draw away from other consuming countries that amount of material. In other words, the increase that we would obtain through that channel would be at the expense of the other countries.

Mr. SMITH. It looks to me as though you are colluding with the Tin Committee in fixing these prices. I do not see how you can deny that.

Mr. JEWETT. I deny it quite strongly. There is no collusion on prices whatsoever.

Mr. SMITH. I do not mean that you deliberately sit down around a table and say, "Now, this is going to cost so much to produce, and we have to have so much of a price on it." I am not talking about that kind of collusion, but we have representatives on that Tin Committee.

Mr. JEWETT. Yes, sir.

Mr. SMITH. The Reconstruction Finance Corporation negotiates a price. It is not an open-market price. I cannot quite understand how you can escape the charge, or whatever you may wish to call it, that there must be collusion.

Mr. JEWETT. Let me indicate a little something about our negotiations for tin which took place recently. We were engaged in negotiations with the Bolivians recently for the purchase of their concentrates or a share of those concentrates.

During those negotiations, the British Government announced new prices for tin. It announced an increased price for tin. The new price for the Straits tin, which is the Malayan tin metal, at the smelter in Malaya, was increased 14.03 cents per pound over the former price.

Mr. SMITH. You are talking about a British offer now?

Mr. JEWETT. Yes, sir. Since that is the largest source of supply for our tin metal, the Bolivians claimed that they were entitled to receive the same base price, delivered in the United States, at which we could obtain this tin metal, delivered in the United States.

I was in charge of the Bolivian negotiations. They started at quite a considerably higher price. I started at quite a considerably lower price, and we finally wound up at a point which I felt was the equivalent of the British metal price, delivered to the United States. Historically, the value of Straits tin, delivered at the United States, fixed the value of tin metal in the United States. Why? Because that was the largest source of supply.

Mr. SMITH. There is an instance which you pointed out which specifically indicates, I think, that you are colluding with the Tin Committee, or with the tin interests. Why should you bring the price of Bolivian tin up to the British price arbitrarily?

Mr. JEWETT. I would not consider it arbitrary. It is still a seller's market. They had no obligation to sell us that tin. There were others in the market who wanted that tin, at least two others. The British Government, which had made no efforts to obtain that portion of the tin at that time, but if the negotiations had broken down I would think they would have made that attempt.

Mr. STRATTON. Where would they get the money, from the Reconstruction Finance Corporation?

Mr. JEWETT. The Argentinians were, at that time, in negotiation with the Bolivian Government, to obtain a greater portion of the concentrates than was contemplated in the original agreement between Argentina and Bolivia.

Mr. SMITH. Were you taking all the tin that you could get from Malaya before that?

Mr. JEWETT. As I mentioned, we bought no tin concentrates. However, we were buying all of the tin that we could from Malaya, within the limitations of the combined Tin Committee restrictions.

Mr. SMITH. You were buying all you could from Bolivia?

Mr. JEWETT. Yes, sir.

Mr. SMITH. You cannot get any more now that you have raised the price, from Bolivia, is that the idea?

Mr. JEWETT. It is an open question as to whether or not the higher price would produce more tin. I am inclined to think that it would. Production last year in Bolivia was of the order of 32,000 to 33,000 tons, of which we obtained about 18,000 tons. The best estimates I am able to get are that production this year will be from 35,000 to 40,000 tons. Some of the producers indicate to me that they think the production this year will be in excess of 40,000 tons. Whether that is a result of the price increase I do not know.

Frankly, I think it is a fair price for those concentrates, comparing it with the metal price, over which we had no control, and there was no collusion in fixing it.

Mr. SMITH. What is the price of tin today compared with the pre-war price, say 1940?

Mr. JEWETT. The price of tin today is 128 percent more than it was during the thirties.

Mr. NICHOLSON. Who owns the investment in the Bolivian mines?

Mr. JEWETT. It is distributed somewhat—

Mr. NICHOLSON. Is it owned by Bolivians or is it owned by the English? Who is it owned by?

Mr. JEWETT. I am not able to identify the Patino interests. I am assuming the Patino family is the large owner of the tin mines. I believe he was an Indian.

Mr. SMITH. Your only reason for continuing this tin control then is distribution?

Mr. JEWETT. I am not continuing the controls, Mr. Congressman.

That certainly is one of the chief reasons, to see that the tin is distributed properly in the United States.

Mr. SMITH. Let us put it this way, then: The only reason for continuing the Reconstruction Finance Corporation in this picture is one of distribution or rationing? Is that not about the only argument you are producing here this morning for the activity of the Reconstruction Finance Corporation in this connection?

Mr. JEWETT. I am not in the position this morning of requesting a continuation of controls, either for the maintenance of the existence of Reconstruction Finance Corporation or for any other purpose. The Reconstruction Finance Corporation is at the present time under the authorization of Congress, operating the tin smelter, the operation extending to June 30, 1949. We are, at the present time, as long as Congress and the agencies have various types of controls, called upon to participate insofar as we can in the distribution of tin and the purchasing of these tin supplies. As I say, I do not like to be put in the position of asking to have these controls extended, nor of having to justify the continuance of Reconstruction Finance Corporation in this picture.

Mr. SMITH. That is not the question I have asked. I wonder if you would answer it specifically?

Mr. JEWETT. I will try to.

Mr. SMITH. The specific question is this: Is there any other reason for continuing Reconstruction Finance Corporation activities in connection with tin, than allocation of tin?

Mr. JEWETT. I would rather repeat briefly the operations and permit the committee to draw its own conclusions. We operate the tin smelter—

Mr. SMITH. I think you ought to answer that question because the Reconstruction Finance Corporation is an agency of the Congress. Personally, I would like to see the Reconstruction Finance Corporation abolished. There is no reason for its existence; in fact there never was, in my opinion, but that is neither here nor there. The question arises as to the burden of your testimony, the ultimate burden of your testimony here, it seems to me, is to the effect that the Reconstruction Finance Corporation should remain in the picture, that negotiated prices of tin should be continued, and so forth, for one purpose and one purpose only, namely, distribution or allocation of tin to the various countries. Can you not answer that question specifically yes or no?

Mr. JEWETT. I will try to. I am afraid it will be a long answer. The Reconstruction Finance Corporation has not requested a continuance of these controls. The Reconstruction Finance Corporation at the present time does buy metal and tin concentrates for the operation of the tin smelter and for distribution to consumers in this country. The Reconstruction Finance Corporation stands ready to continue that operation if the Congress, and if the other agencies, see fit, and if Reconstruction Finance Corporation happens to be the designated part of the Government called upon to perform that function. I am not trying to evade your question.

Mr. SMITH. What do you mean by "that function"?

Mr. JEWETT. The function of buying tin, the function of distributing it to the consumers. I am assuming that even if all controls were removed, that the consumers would not be able to get their full supply from the outside sources. I think for a period of time at least, they would have to resort to government stocks for a portion of their supply. To that extent, at least, the Reconstruction Finance Corporation or its successor would have to stand ready, I think, to move out a portion of the Government supply to industry.

Mr. SMITH. Eventually it will have to do that anyway. Or are we going to continue this forever?

Mr. JEWETT. I hope it does not continue forever, Mr. Congressman.

Mr. SMITH. If it is to be done eventually, why not now?

Mr. NICHOLSON. Mr. Chairman, I want to ask a question. I do not want to ask an embarrassing question, but these two governments from whom we get our tin are friendly to us, I suppose, as friendly as anyone can be?

Mr. JEWETT. I think so.

Mr. NICHOLSON. Is it not a good practice to do business with your friends?

Mr. JEWETT. I consider it so; yes, sir.

Mr. SMITH. Then, if we do that, we will not need any controls, will we, because we can buy the tin, they want our dollars.

I do not know that it requires an answer—perhaps it is not in the form of a question requiring an answer—but it seems to me that if we can buy tin ore or tin plate from some other country producing them, that we are helping that country, instead of putting controls on our own manufacturers who want to do business and could do business if you give them more tin.

Mr. JEWETT. Certainly, it is true that they are looking for markets, and there would be no difficulty, I think, in the consumers here getting together with the producers in other countries and making arrangements for a continuance of the imports to this country.

Mr. BANTA. Would that not very substantially increase production?

Mr. JEWETT. In my opinion, it would not for this reason: We stand ready to buy all of the tin concentrates that are available to this country. No one, I think, would want to buy tin concentrates until the transition is made from Government ownership of the Texas City smelter to private ownership. At that time, of course, it would stand ready to buy concentrates as we do today.

Mr. STRATTON. Did I understand you to say just before that that the industry generally in the United States would have no difficulty procuring tin if this Government control were taken off?

Mr. JEWETT. If I made that statement I was not very clear about my use of words, and I think I did make a mistake.

I think that it would be very easy for arrangements to be made for the importation of all of the metal which we are presently buying and importing—for the continuance of that importation by private industry.

However, I formerly said that I think certain companies would have advantages in that purchasing program which other companies would not have.

Mr. STRATTON. In other words, you feel that it is the duty of the United States Government to enter completely into the business field and say to this particular company: "You shall have this way of doing business," and the same thing to another company, regardless of the economics involved, aggressive management, or anything of that kind?

In other words, do you think the Government should put every company on an equal basis, regardless of need, management, and so forth? Is that what I understand you to say by that? That is, that you do not want a free field for competition? That is what your statement seems to indicate to me. Perhaps I am wrong. I would like a clarification of that.

Mr. JEWETT. I think I am not properly qualified to state just how the material would be distributed in the absence of control in this country. I have already indicated that I do think the total supply of metal in this country would probably be as large, perhaps larger, under private purchasing than it is under Government purchasing, with the restrictions of the Combined Tin Committee.

How that material would be distributed among the various industries I am not qualified to state, although I did indicate that I thought certain companies, because of their foreign contacts, and certain companies because of their financial reserves, would be able to buy that at a better rate and under better conditions than would the smaller companies.

Mr. BANTA. That is what the Congressman was asking you: Whether you believe that is what the Government should step in to prevent.

Mr. STRATTON. Whether it is the responsibility of the Government to provide an equal basis for industry, in other words.

Mr. JEWETT. I think Government has no inherent obligation in that connection; no.

Mr. STRATTON. That is what I wanted to make certain of, I thought that was what you meant.

Mr. KILBURN. As I understand the Reconstruction Finance Corporation's position, they have no opinion as to whether controls should be continued or not, but as long as they are continued under the authority of Congress the Reconstruction Finance Corporation has to look after it; is that right?

Mr. JEWETT. That is right. That is a small portion of the Reconstruction Finance Corporation program—that is, obligations in connection with the purchasing of tin. No person in the Reconstruction Finance Corporation is requesting a continuation of these controls, either for the purpose of maintaining the RFC or for any other purpose.

As I say, I have not made these orders. We do not execute these various restriction orders, and so forth, but we do stand ready to play our part in the distribution of tin or in the buying of tin, if such is the wish of Congress and the other agencies of the Government.

Mr. KUNKEL. If controls over tin were lifted and the tin was purchased privately by private industry, how would the tin smelter at Texas City function?

Mr. JEWETT. It would have no more competition, presumably, in this country than it has at the present time.

Mr. KUNKEL. But we would have to use it because we need that capacity. What would happen? Would private industry buy the tin ores and send them down to Texas City and then would you return to them an equivalent amount of smelted tin? Would that make you a sort of a processor for private industry?

Mr. JEWETT. There is no physical or governmental reason why the tin smelter should not be turned over to private industry if you can find anyone who wants to buy it.

Mr. KUNKEL. Well, it is perfectly conceivable that that probably will not happen if you lift controls—that they might be lifted prior to the time that the Texas City tin smelter were sold to private industry.

Mr. JEWETT. Yes, sir.

Mr. KUNKEL. If that did occur, would you just become a processor for the tin purchasers and the tin users of the country?

Mr. JEWETT. If the controls were not extended beyond May 31 I would think that we would still have to stand ready to market our present stocks of metal and perhaps the continued production of Texas City for a period of time, because we are anticipating at least a production of something of the order of 30,000 or 35,000 tons of tin at Texas City this year.

We have contracts for concentrates involving about 27,000 to 29,000 tons. There is not enough tin in the world to permit us to siphon that off from the consumers in this country and keep it segregated.

Mr. KUNKEL. I do not think you quite get the point I am trying to make. Let me ask this question: Could the world generally afford to

have the Texas tin smelter go out of operation within the next 9 months?

Mr. JEWETT. There would be certain interests in the world which would be very glad to see that happen—that is, other smelting interests.

Mr. KUNKEL. But so far as the United States is concerned, it would be a most unfortunate occurrence, would it not?

Mr. JEWETT. In my opinion, it would. I am not defending the Government operation of it. But I think the lack of operation would be unfortunate.

Mr. KUNKEL. I am talking about the production of the Texas tin smelter.

Mr. JEWETT. I think it should be continued.

Mr. STRATTON. Is it possible for private interests to operate it at a profit?

Mr. JEWETT. In the absence of controls, no. And by that I mean this: In my opinion, the only way in which you will be able to interest private industry in the operation of the tin smelter at Texas City will be through the granting of some type of subsidy by the United States Government, either in the form of a direct subsidy for the production of tin metal or in the form of an import tariff on tin metal which does not obtain on tin ores.

Mr. KUNKEL. How many other smelters in the world are there which can refine this Bolivian tin?

Mr. JEWETT. Well—

Mr. KUNKEL. There are a few in England, are there not?

Mr. JEWETT. I do not know what the physical limitations of all smelters are, but historically the Bolivian tin was treated in England, some in Holland, at Arnheim, and some in Germany—a very small portion in Germany at Duisburg.

Mr. KUNKEL. Is there sufficient capacity outside the United States to treat the total present production or anticipated production of Bolivian tin ores?

Mr. JEWETT. Yes, sir.

Mr. KUNKEL. There is?

Mr. JEWETT. Yes, sir.

Mr. KUNKEL. The way you operate today is to buy the raw tin and then refine it down at Texas City, and then sell it outright through a system of allocations. What I am driving at is this: Could you keep operating if individuals in this country were buying the tin from Bolivia? Could you turn yourself into a processor whereby these industries would buy the tin, send it to you for refinement and then have you return it to the at a cost?

Mr. JEWETT. I see no reason why that could not be done. Of course you would always have the difficulties, which I suppose a private smelter has, of anticipating the supply of raw material. But there is no reason why that could not be done.

Mr. KUNKEL. I want to understand whether the abandonment of controls would mean the eventual end of the Texas tin smelter which, to my notion, would be a bad thing.

Mr. JEWETT. I do not think so; not necessarily. That would not be necessary.

Mr. KUNKEL. That would be a most unfortunate thing for this country, and I am just wondering whether that would be so.

Mr. SMITH. Reconstruction Finance Corporation buys all the tin, does it not?

Mr. JEWETT. Yes, sir.

Mr. SMITH. No tin is offered to private users in the United States?

Mr. JEWETT. I believe that some tin has been offered to private users in the United States, but before that can be imported there has to be an import license granted by the Commerce Department. I believe that very few—perhaps none—have been granted during recent months.

Mr. SMITH. Why?

Mr. JEWETT. I am not with the Commerce Department.

Mr. SMITH. What of antimony? Do you buy all the antimony also?

Mr. JEWETT. We did buy all of the antimony. However, those purchases ceased on the 15th day of February, this year. We had a long-term contract with the Chinese under which their deliveries ceased on that date. And, except for that one contract, we had not bought antimony for about a year or a year and a half.

Mr. SMITH. And is antimony now being sold by foreign shippers to private interests in this country?

Mr. JEWETT. I believe that is right; yes.

Mr. SMITH. You have nothing to do with the price of antimony at all?

Mr. JEWETT. No. Well, we do have something to do with the price at which we sell. In other words, certain allocations of antimony are made from our stocks, those allocations being given by the Commerce Department. When we are acquainted of that fact we send out a contract to the consumer and sell our antimony at the price quoted in the American Metal Market, a metal publication.

Mr. SMITH. And that is a free price?

Mr. JEWETT. Yes, sir.

Mr. SMITH. Do you sustain any loss on the sale of that antimony?

Mr. JEWETT. We make quite a nice profit.

Mr. SMITH. You make a nice profit.

Mr. JEWETT. Yes, sir.

Mr. SMITH. So that, as you lose that—in other words, since you have discontinued that particular activity, you have lost what you have called “a nice profit?”

Mr. JEWETT. Well, perhaps the Reconstruction Finance Corporation might lose some profit. The Government would not. I believe that antimony is one of the materials desired by the Treasury Department for permanent stock pile. In the event there were no deficiency—in that event we would turn our antimony stocks over to the Treasury Department for stock piling.

Mr. SMITH. What is the current price of antimony?

Mr. JEWETT. You have caught me at a disadvantage, there. I believe it is 33½ cents. I am told it is 33 cents at Laredo, Tex., from whence freight is paid by the consumer.

Mr. SMITH. What was it worth in 1940?

Mr. JEWETT. I do not know. But during the Office of Price Administration days it was about 14½ cents, I believe.

Mr. SMITH. So the price has risen greatly?

Mr. JEWETT. Over 100 percent.

Mr. SMITH. The question arises as to whether tin prices and antimony prices might not be much lower today if they had been left to a free market. The same forces operate with respect to tin as to other commodities?

Mr. JEWETT. In my opinion, they do.

Mr. SMITH. If the demand is there, there is a tendency for the supply to increase. You would have no objection, as far as the Reconstruction Finance Corporation is concerned, to the abandonment of all of these controls over tin, would you?

Mr. JEWETT. No, sir.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. What is the source of the ore used at Texas City?

Mr. JEWETT. The chief source is Bolivia.

Mr. TALLE. The remainder comes from the Netherlands?

Mr. JEWETT. During 1948 we expect to get from 12 to 18 thousand tons of tin content in Bolivian ore—that is, from 12 to 20 thousand.

The variance, 8,000, is the amount which may go to the Argentine under the Argentine-Bolivian agreement. The only amount which I think we can count on is 12,000 tons.

We also have a contract with the Dutch interests which should bring about 12,000 tons from that source. That, as you know, is the higher grade ore. The Bolivian ore is the lower grade ore, averaging about 40 percent as against 72 to 73 percent for the alluvial ore, which we get from the Netherlands East Indies.

We also hope to get from 3,000 to 5,000 tons of tin contained in ores from Siam. Then, in addition to that, we may make up a total of a thousand tons in ore from other sources.

Mr. TALLE. Most of the Bolivian ore is rather difficult to refine, is that not right?

Mr. JEWETT. That is correct. It has a lot of impurities.

Mr. TALLE. What is the capacity of the tin smelter at Texas City?

Mr. JEWETT. Well, naturally that varies with the grade of ore treated. Last year we produced 33,342 tons. The year before we produced 43,500 tons. It could produce as much as 80,000 to 90,000 tons, in my opinion, if it were working wholly on high grade ore.

Mr. TALLE. It would therefore be a considerable advantage if you could get Malayan ore, would it not?

Mr. JEWETT. Oh, yes, a considerable advantage.

Mr. TALLE. Is all of the product turned out at Texas City consumed in the United States?

Mr. JEWETT. Yes, sir. May I qualify that somewhat?

I think it may be that there are 50 to 150 tons of tin exports per year to South America—to certain industries there, American interests, which have requirements in South America.

With that one exception, all of it is used in the United States.

Mr. TALLE. Historically, how much have we consumed when the market has been free?

Mr. JEWETT. I only know the statistics which I have seen in newspapers, metal bulletins, and so forth, for the 10 years in the 30's, which indicate a consumption of primary tin of 62,000 tons, on the average, by the United States, contrasted with the world consumption of 150,000 tons during that same period. That is, approximately 40 to 45 percent of the entire world consumption.

Mr. TALLE. You made reference, a moment ago, to stocks. What stocks do we have? I am referring now to ore, concentrates, tin and tin products.

Mr. JEWETT. On January 1, 1948, our metal stocks were 24,555 tons.

Mr. TALLE. That is ore?

Mr. JEWETT. Metal. In the form of tin metal. Our ore stocks, tin contained, were of the order of 18,500 tons.

Last year our stocks of metal were of the order of 18,500, but our stocks of concentrates were around 24,300 tons—almost a reversal of the position between the metal and the ore as it now stands.

In other words, during the year 1947 our metal stocks increased by about 6500 tons, whereas our stocks of concentrates decreased by 5500 tons.

I might mention, in connection with the increase in metal stocks, that during the course of that year we bought approximately 10,000 tons of Japanese tin metal.

Mr. TALLE. When you use the word "concentrates," how is that distinguished from tin ore?

Mr. JEWETT. Frankly, I have used the terms indiscriminately as the same thing.

Mr. TALLE. I wanted to make that clear.

If this proposed legislation were enacted we would proceed to acquire stockpiles? Do you favor that idea?

Mr. JEWETT. I favor the stock-piling. As I have indicated, the Treasury is the only authority on stock-piling. The only time we enter into that picture is when our stocks are in excess of the deficiency determined by the Commerce Department, and then we proceed to transfer the excess to the Treasury Department.

Mr. TALLE. A witness testified last week that we have no stock pile. Is that right?

Mr. JEWETT. Of tin?

Mr. TALLE. Yes.

Mr. JEWETT. It is almost exact, but not quite. I believe the figures on stocks of the Treasury Department are confidential. Therefore, with your permission, I will not give you the information on stocks that I know they have.

Mr. TALLE. That is all right. I do not want you to divulge confidential information.

Mr. JEWETT. They do have a stock, but it is quite small.

Mr. STRATTON. Will the gentleman yield?

Mr. TALLE. I yield.

Mr. STRATTON. Doesn't this working reserve that you carry—some 20,000 tons—itsself constitute a Government stockpile which is available?

Mr. JEWETT. Very definitely.

Mr. TALLE. My next question has to do with what, in your judgment, would be a desirable stock pile.

Mr. JEWETT. One impossible of achievement over the next 2 years. I think our stock pile should encompass at least 2 years' consumption, which would be something of the order of 120,000 to 200,000 tons.

Mr. TALLE. That would be 2 years' normal consumption?

Mr. JEWETT. I think it should be that large; yes.

Mr. TALLE. I suppose ore could be brought to our smelter and the product taken away, on the same basis as when a farmer brings a sack of wheat to the mill and takes away flour, shorts, and bran?

Mr. JEWETT. That is right.

Mr. STRATTON. I am interested in the agreements which you make for the delivery of this ore concentrate. In those agreements do you assume any responsibility for the transportation of it to this country? Is it specified that the particular country selling ore should carry it in its own shipping media, or is there anything of that nature entering into the agreements?

Mr. JEWETT. Hardly, at the present time, for the reason that our buying of ores from Bolivia, for instance, is f. o. b. vessel at the foreign port. We put in the vessels.

In our buying of metal at Malaya we buy it ex-smelter in Malaya. Therefore we provide the vessels to bring it over here.

Mr. STRATTON. There is nothing in there which would tend to slow up delivery because of an agreement that it has to be carried in the bottom of the particular nationality selling it, is there?

Mr. JEWETT. In our contract with the Dutch for the supply of ores from the Netherlands East Indies, I believe there is a provision which requires them to use American vessels where it does not slow the movement. However, where the American vessels are not available, then they are authorized to use foreign flag vessels. Naturally, they have an interest in supplying the ore in their own vessels.

Mr. STRATTON. But there is nothing in the agreements which would tend to slow up delivery because of the requirement of the use of shipping of these countries?

Mr. JEWETT. No.

The CHAIRMAN. Are there any further questions of Mr. Jewett?

Mr. Jewett, I should like to develop from some witness not only the desirability but the possibility of taking advantage of a situation to make some long-term contracts with respect to the stock piling of tin. I do not know whether you would like to comment on that or not.

Mr. JEWETT. I will comment to the effect that I think that is the only way, the only effective way, in which you can have any assurance of having a stock pile built up in the near future. With such a long-term contract, you have all of the inducements possible to the highest production from these various areas. I am heartily in favor of such types of arrangements.

At the present time, incidentally, we feel a limitation on ourselves by this June 30, 1949, deadline for the operation of the smelter. At the present time, we are only buying the 1948 production.

The CHAIRMAN. It appears probable that we will not be able to dispose of the Texas City smelter for some years to come, and perhaps the Reconstruction Finance Corporation would be justified in making long-term contracts for the ore and concentrates. Do you think they would?

Mr. JEWETT. I think it is desirable for the Government to have a greater assurance of the continuance of supply of strategic materials than it presently has and that can only be done, in my opinion, by long-term contracts.

The CHAIRMAN. Under the British—I was going to say “agreement,” but I suppose it is a trade practice of theirs—they have an ad valorem tax of 45 percent, do they not?

Mr. JEWETT. That is my understanding on the export of ores from Malaya to any source outside of the British Empire.

Mr. BANTA. Is that on concentrates?

Mr. JEWETT. Yes, sir.

The CHAIRMAN. They have agreed, as I understand it, to take that ad valorem tax off all plants that are not subsidized. Do you know anything about that?

Mr. JEWETT. My information is secondary, but I understand that at Geneva there was an agreement reached by which they stated that the British Empire preference would be taken off at the time when we could show them that our Texas City smelter was not subsidized. I have indicated the only opportunity to make that showing would be at a time when metal imported into this country had a tariff on it, but ores did not. To that extent, that is a subsidy to the smelter indirectly.

The CHAIRMAN. Do you think that they would consider a tariff on tin and tin concentrates as a subsidy?

Mr. JEWETT. I do not know. It would be a fair argument, in my opinion, because actually that would be the substitution for a direct subsidy to keep the smelter going, with our wage rates here being so far in excess of foreign wage rates. I believe the smelter cannot operate competitively with the other smelters without some such subsidy.

The CHAIRMAN. It is very obvious that if we put it in a situation where it can compete favorably, that a private concern which cannot compete favorably would not be able to compete with a subsidized Government smelter, is that it?

Mr. JEWETT. That is right.

The CHAIRMAN. Then how can we overcome this idea that the Bolivian concentrates delivered to Great Britain contain 60 percent of tin and those delivered to us contain only 40 percent. Is the price the same?

Mr. JEWETT. The price is the same. In fact, I understand they have agreed to pay the Patino interests the same price which we pay the others.

The CHAIRMAN. Then they already get a $33\frac{1}{3}$ percent advantage on price, do they not? That is what it amounts to, does it not?

Mr. JEWETT. They have better ore to treat. Their costs of treating ore are naturally lower because of the difference in grade of ore. They also have some resources in Nigeria from which they obtain—

The CHAIRMAN. My point is that if they are paying the world price for 60-percent ore, and we are paying the world price for 40-percent ore that gives them a $33\frac{1}{3}$ percent differential in their favor, does it not?

Mr. JEWETT. No, not exactly; because our contracts provide for increases in price for the higher grade ores.

The CHAIRMAN. Then they do not pay the same for their 60-percent as we pay for the 40-percent ore?

Mr. JEWETT. They pay the same base price, but the difference is made up in the smelter charges and tin deductions. The base price, however, is the same.

The CHAIRMAN. Do the British not control the Patino mines?

Mr. JEWETT. The Patino interests control them and, as I say, the Patino interests, I believe, have a rather large interest in the Williams Harvey smelter in England.

The CHAIRMAN. That is how the British get their advantage, is it?

Mr. JEWETT. Yes, sir.

The CHAIRMAN. Is that true of Malaya also?

Mr. JEWETT. I believe the Patino interests also extend to Malaya to some extent, but the Malayan interests are British-dominated. I believe they are British-controlled.

The CHAIRMAN. If we disposed of the Texas City tin smelter to private interests, which were not subsidized by Government either in the operation of the plant or by tariff on the import of tin ores and concentrates, would that be a sufficient inducement—with the 45-per-cent ad valorem tax coming off under the circumstances—to private interests buying the plant from the Reconstruction Finance Corporation?

Mr. JEWETT. It would be a close margin, but in my opinion the Texas City smelter could not operate even then for this reason: The large market for tin in this country is in the eastern part of the United States. The tin metal from Malaya, which is historically the largest part of our imports, is brought over from Malaya to the eastern part of the United States, and they are marketed from there. If the tin smelter were operating without subsidy, instead of transporting metal, they would transport ores over to Texas City and then have them smelted there and pulled on up to the East for marketing.

In my opinion, the two-part operation down at the smelter would be more expensive than the one-part operation of bringing metal direct from Malaya to the eastern markets. Therefore, I do not think they would be able to operate the smelter on a competitive basis with the Malayan smelters, which are at the source of the production.

The CHAIRMAN. You mean the Malayan smelters could lay down their products cheaper in New York than we could import the ores and transport the smelted tin from Texas City to the eastern part of the country?

Mr. JEWETT. In my opinion; yes, sir.

The CHAIRMAN. Even without the ad valorem tax?

Mr. JEWETT. In my opinion; yes, sir.

The CHAIRMAN. You do think, however, that we could get some assurances of supplies for our stock-piling if we entered into longer term contracts?

Mr. JEWETT. I think the effort should certainly be made and this is about as appropriate a time as there is to make that effort.

The CHAIRMAN. Probably the most appropriate, is it not?

Mr. JEWETT. I think so.

The CHAIRMAN. Thank you, Mr. Jewett.

Mr. BANTA. Is the Malayan ore smeltered at the source?

Mr. JEWETT. Yes, sir.

Mr. BANTA. The ore is not transported to some other point?

Mr. JEWETT. That is right, they have two chief smelters, at Penang and Singapore, and the ores are smelted there and marketed from there.

Mr. STRATTON. Does a great deal of the Bolivian ore not go to England, is smelted there and then shipped back?

Mr. JEWETT. Prewar it was, but now approximately 45 percent of it goes to England. The balance up to the present time at least has come to the United States. Although with the Argentina agreement, if they go ahead with that, approximately one-fourth to one-fifth of the Bolivian production will go over to Argentina, out of our share.

Mr. STRATTON. These countries, particularly the Netherlands and England, have they shown any willingness to negotiate longer-term contracts? Has that field been explored yet, or have you not gone into that?

Mr. JEWETT. I have carried on some discussions during several years with some of my British acquaintances in connection with the British ores, and except for the two diversions during the war years, of the Bolivian material, they have not resulted in anything. In other words, there has always been this question of the subsidized smelter here as against the British Empire preference tax out in Malaya, and there has been nothing achieved.

Mr. STRATTON. It was my impression that a few years before the recent war began, we considered some such program—particularly in connection with rubber, I believe—and we ran into some difficulty at the time.

Mr. JEWETT. At that time, just prior to the war, we bought rather substantial stocks of ore and metal from both the Dutch and the British. In fact, it was the accumulation of the high-grade ores from that area which actually put us in as good condition as we were during the war.

Mr. STRATTON. That is all.

The CHAIRMAN. Thank you, Mr. Jewett.

It appears that we will not be able to continue further today, as the House is in session and we have a pretty full schedule this afternoon.

The committee will stand in recess until tomorrow morning at 10 o'clock and it is hoped that we will be able to conclude these hearings tomorrow.

(Whereupon, at 12 noon, the committee adjourned until 10 o'clock the following day, Tuesday, March 2, 1948.)

EXTENSION OF THE SECOND DECONTROL ACT

TUESDAY, MARCH 2, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee reconvened, pursuant to adjournment, at 10 a. m., Hon. Frederick C. Smith presiding.

Present: Messrs. Smith, Kunkel, Talle, Sundstrom, McMillen, Cole, Stratton, Banta, Spence, Brown, Monroney, Folger, and Buchanan.

Mr. SMITH. The committee will come to order.

As our first witness this morning we have Mr. Louden. Mr. Louden, will you please come forward. Identify yourself and tell us whom you represent.

STATEMENT OF R. H. LOUDEN, CERAMIC ENGINEER, McGEAN CHEMICAL CO.

Mr. LOUDEN. My name is R. H. Louden, ceramic engineer, with the McGean Chemical Co., Cleveland, Ohio.

Mr. SMITH. You may proceed, Mr. Louden.

Mr. LOUDEN. The McGean Chemical Co. an Ohio corporation with headquarters and plant at Cleveland, Ohio, has produced tin oxide for the ceramic industry since 1929. Tin oxide is used as an opacifier and as a colorant in glazes for such essential products as sanitary ware, interior wall tile, terra cotta, dinnerware, and pottery products in general. We are pleading in behalf of the ceramic industry, the consumers of tin oxide.

On February 4, 1948, we appeared before the Senate Banking and Currency Committee in opposition to Government controls of tin and tin products as proposed by the Senate bill S. 2023 and/or the extension of the Second Decontrol Act. We submit for your consideration copies of the brief we presented to the Senate Banking and Currency Committee. Those are attached. It is a reprint from the American Metal Market. We also attached a copy of the brief by the Ferro Enamel Corp. Mr. Russell F. Duncan appeared also before the Senate committee on the same date. He was unable to get down for this hearing, however.

Mr. SMITH. Did you wish that inserted in the record?

Mr. LOUDEN. Yes, sir, that was the wish of the Ferro Enamel Corp.

Mr. SMITH. Without objection, it will be inserted in the record.

(The statement referred to above appears at p. 147.)

Mr. LOUDEN. There is a strong probability that increases in Far East production will this year alleviate the fears currently held regarding a tin shortage and clear up the Texas City smelter problem by diverting

this facility of stock-pile purposes. Meanwhile the maldistribution of tin can be corrected through the adoption of the following amendment which we offer:

In making allocations of pig tin the President shall from time to time determine what percentage of the available pig tin must be devoted to purposes for national defense. The entire remainder of the available supply which may be allotted for industrial use shall be allocated as nearly as possible to preserve the historical ratio of pig tin consumption by industrial classifications established by the Bureau of Mines, as prevailed for the period 1936 through 1939.

This amendment provides for the Government stock pile. Provision is made for new business ventures as allocations are to be made on an industry-wide basis and not on the historical record of individual manufacturing concerns. The Bureau of Mines has established the industrial classifications of consumers of pig tin as follows: Tin and terne plate, solder, babbitt, bronze, collapsible tubes, tinning, foil, chemicals, pipe and tubing, tin oxide, type metal, galvanizing, bar tin, miscellaneous alloys, white metal, miscellaneous.

This amendment eliminates the personal element from allocations and makes it possible for an industry not receiving equitable allocations to appeal such treatment, founding its case on law enacted by the Congress.

At least we certainly can expect an inflow of tin equivalent in quantity to the amount received in 1947. Nor would a return to a historical basis for the allocation of tin work a hardship for the important function of preserving essential food. In the period cited 52.9 percent of the total tin consumed went into tin and terne plate. Based on last year's input this would provide 33,850 tons, which is more than the tin-plate industry used in 1947 for this purpose.

The annual consumption of primary tin in the United States for the prewar period, 1936 through 1940, averaged 65,655 long tons. In this period the average yearly consumption of primary pig tin for tin oxide was 722 long tons, or 1.1 percent of the total amount consumed. During 1946, the latest year for which data is available, there were no allocations of primary pig tin for the production of tin oxide. However, recent testimony by the Department of Commerce has revealed that 64,179 long tons of primary pig tin were allocated for industrial consumption during 1947. The two manufacturers of tin oxide producing a grade of tin oxide requiring primary pig tin were allocated a total of 180 long tons of pig tin for their 1947 tin oxide production, equivalent to 0.28 percent of the total primary pig tin consumed in 1947. In other words, for the manufacture of tin oxide the ceramic industry allocations of primary pig tin are about one-fourth of its prewar usage. This curtailment is made against an industry that, in normal times, uses only about 1 percent of the total.

We briefly summarize portions of our statement to the Senate committee in support of our contention that the administration of the tin controls shows unfair discrimination:

(1) During 1947, 32,000 long tons of primary pig tin were allocated for the production of tin and terne plate, and in a year of steady production this industry consumed less than 30,000 tons. With tin supposedly in short supply the largest single tin-consuming industry was allocated more tin than it could use.

(2) Order M-43 specifically states that tin oxide may be used for the production of sanitary earthenware, and for the production of chrome green, red, yellow, and pink colors. It is estimated that 550 tons of tin would be required for these permitted uses during 1948. Based on first quarter 1948 allocations, the Department of Commerce is providing only 267 tons of both primary and secondary tin for these uses in 1948.

(3) Early in 1947 the wall tile, sanitary, and terra cotta manufacturers appealed for relief. Their cases were similar and all based on the fact that through use of tin oxide their rejects were decreased. The plea of the sanitary manufacturers was recognized, while the wall tile and terra cotta petitions were turned down. This was a peculiar decision as these industries all serve the building program.

(4) According to order M-43 it is permissible to use tin in the manufacture of pipe organs, soda fountains, snap fasteners, table markers, memorials, and for numerous other nonessential uses. However, the wall tile industry whose product is essential to the housing program, is denied the use of tin as an opacifier.

(5) On December 10, 1947, Mr. Vogelsang, of the Department of Commerce, testified before the Senate Judiciary Committee that exports, permitted by his Department, of primary pig tin amounted to approximately 1,000 tons during 1947. According to testimony this was done in order to help out the general export business of the domestic exporter, and yet the ceramic industry, producing sanitary ware, wall tile, and terra cotta vitally needed for the housing program, are allocated only 180 tons of primary pig tin.

The Department of Commerce would have you believe that they are allocating tin for essential purposes only. We quote from Secretary Harriman's first quarterly report to the President and to the Congress under the Second Decontrol Act:

Without control, available supplies would flow to manufacturers on the basis of their ability to pay, rather than the essentiality of their product to the public health and welfare.

This statement is indeed difficult to reconcile. During the month of August 1947, 310 long tons of pig tin were consumed in the manufacture of beer cans, animal food cans, coffee cans, oil cans, and other nonfood cans. At this rate of production something like 4,000 tons of tin would be used annually for these nonessential products.

The Office of Materials Distribution explains its refusal to increase allocations of pig tin for the ceramic industry on the grounds that the ceramic industry can use substitutes. Tin oxide costs six to seven times as much as the substitutes; it is therefore reasonable to conclude that tin oxide is vitally needed in this industry or there would be no interest in such a high-priced material. We are attaching, as an addendum to this brief, copy of appeal presented to the Tin-Lead Branch pointing to the considerable saving in ultimate product through the use of tin oxide. I will now read that letter:

In accordance with the suggestion made by Mr. Arthur R. Maupin at the meeting on January 8, we have made a survey of the need for tin oxide among members of the Tile Council of America. We can now report the results, and wish to submit them as a basis for appeal of Civilian Production Administration Conservation Order M-43, as revised February 6, 1947, schedule 1, paragraph 15.

As the listing on this letterhead indicates, the tile council has a membership of 19 companies. These companies produce approximately 93 percent of the industry's total wall and floor tile and accessories.

Five of these companies produce no glazed tile, and we are therefore concerned with the 14 companies which during 1946 produced approximately 42,000,000 square feet of glazed tile, the type in which tin oxide is used.

As you know, there are a great many factors which enter into the final result in glazed tile production, and it is not possible to separate the exact part played by tin oxide or lack of it. We have, however, endeavored to determine as definitely as possible the effects on the industry of the lack of adequate tin oxide supplies and these results are submitted herewith.

Also, as you suggested, we have asked the individual companies concerned to prepare individual letters which they are submitting to you direct.

Adding up the total estimated requirements for the period March 1, 1947, to February 29, 1948, we find that the industry members would require 542,000 pounds, or 271 tons, of tin oxide for use in improving and increasing their production of glazed wall tile.

The normal spoilage rate of tile runs from $3\frac{1}{2}$ to 5 percent, when tin oxide is available. This means that from 1,470,000 to 2,100,000 square feet of tile would normally be spoiled. But lack of tin oxide has increased this rate to as high as 10 and even 20 percent. A conservative estimate indicates that as much as 2,000,000 square feet of glazed wall tile will be spoiled and useless to the Nation's veterans' housing program unless the tile industry is able to obtain a sufficient amount of tin oxide to prevent this loss.

This figure represents an approximate financial loss to the manufacturing industry of \$1,000,000, and a loss to the entire industry—figuring labor lost in installation, contractors' income lost, and so forth—of perhaps \$3,000,000.

In terms of actual bathrooms for the housing program it represents (at 100 square feet per bathroom) a loss of 20,000 bathrooms.

We submit that these are serious losses and that there is no way they can be obviated during the next 12 months except by allocation of sufficient tin to provide the 271 tons of tin oxide so desperately needed by the factories.

Our survey shows, and the individual letters will corroborate, that the ability of the various plants needing tin oxide to get along without it varies from those which have been experiencing great difficulties to those which were entirely out of production.

Plants representing the overwhelming bulk of the industry's glazed wall tile production report that no satisfactory substitute for tin oxide has been developed, although many report that they have used at various times materials recommended by different manufacturers as substitutes. None has found any material which can take the place of tin oxide, either as an opacifier or stabilizer. Tin oxide has a definite relation to the color of certain glazes and equally satisfactory results cannot be obtained with other minerals or metallic oxides.

One of the hardships caused by the lack of tin oxide is that certain of the glazes are less opaque, thus letting the spots in the bisque show through. This causes a higher percentage of second grade tile. Colored glazes without tin oxide are less stable and vary more in shade. This increases the cost of grading the finished tile.

The plants report that use of tin oxide once again would greatly aid in production and result in savings because it will increase the glaze capacity and give a smoother finish, broaden the firing range, and thus permit increased latitude of firing conditions. A typical comment is that "we were forced to use a substitute for tin oxide with the result that in certain (tile) the glazes were far inferior with the substitute product causing the finish on the glazes to become dull and lifeless. In many cases it was practically impossible to match shades although the same ingredients in like proportions were used."

Another factory declares: "The entire production of our white glaze wall tile is inferior to our usual standard because of this situation (lack of tin oxide). Also, we have wide variations which make sorting and resultant losses of a vast quantity of ware a matter of serious inconvenience and retarding of production."

Still another member points out that "the average tile plant is set up to manufacture tile with the expectation that every piece will be salable and leave the plant via the shipping department. Any deviation from this sequence means added labor and added expense. Therefore, the greater the number of rejects, the greater the expense."

We realize that you have a grave responsibility in supervising the fair and just allocation of the available tin supplies, and that this entails the weighing of various uses for importance to the Nation as a whole.

We understand that a minimum of 985 tons to tin are allocated for 1947 for the manufacture of tin plate to be used in beer cans. We further understand that several hundred tons of tin are allocated for tin plate to be used in dog-food cans. We feel, in all sincerity, that our request for 271 tons of tin for use in veterans' homes and other essential construction certainly measures up favorably against such uses as these.

We therefore respectfully submit these facts and opinions for your consideration, with the hope that you will find it impossible to accommodate the industry's need, with consequent benefits to the housing program, as well as to the industry itself.

If you would like to verify the need for tile for housing, may we suggest that you contact Mr. Frederick Heath, Jr., chief of the masonry products division, National Housing Agency.

(Signed) D. PARRY FORST, *Chairman, 1947.*

Similar briefs have been presented on behalf of the terra cotta industry, and by the Vitreous China Plumbing Fixtures Association. However, whether or not there are substitutes available has no bearing on this case as long as large quantities of pig tin are annually allocated for such nonessential products as beer cans. This is particularly true when we consider that beer cans have made serious inroads on the use of beer bottles causing unnecessary curtailment of bottle production.

In testimony before Senator Cooper's committee an attempt was made by the Tin-Lead Branch to justify the allocation of tin to beer cans and animal food on the basis of sustaining employment and investments. In the first place that is questionable—more important, such considerations were far beyond the powers indicated by the act.

Now, if I may, I would like to make a few comments on the testimony that was given by the Department of Commerce.

Mr. Foster, Under Secretary of Commerce, made quite a point of the fact that all controls over quinine were revoked December 30 last. That the revocation of these controls supports their claim that it is their desire to eliminate all war time controls as soon as possible.

Last June, before the Senate Judiciary Committee, the opposition to quinine controls presented such a strong case that the act was amended by Congress, easing some of the limitations pertaining to quinine, and this amendment was made against the wishes of the Commerce Department.

During the same hearings, the Commerce Department fought to the last ditch for the continuance of controls on manila and fibre and cordage. These controls were eliminated, and not by the wish of the Department of Commerce, but by the Congress.

Mr. Foster states that if controls were not continued there would be no conservation of tin, and it is uncertain what the effect of stock piling will be. We wonder if Mr. Foster has forgotten that the Government owns and subsidizes the Texas Smelter, the largest single operating smelter in the world.

Referring to Mr. McCoy's testimony, I quote from page 3:

There is little prospect that foreign output will have revived sufficiently before the middle of 1949 to warrant relaxation of controls in the United States over the import, distribution and use of tin.

Now, I will quote from the American Metal Market of February 14, 1948:

Production of tin in the Netherlands East Indies amounted to 1,912 tons in January 1948.

The article goes on to say that the January 1947, production was 1,210 tons. That is an increase of almost 60 percent in January 1948 as compared to January 1947.

Mr. KUNKEL. What was the prewar output of the Netherlands East Indies, do you know?

Mr. LOUDEN. I can look that figure up. I do not have it in mind at the moment. In 1939 it was 31,410 tons. In 1938, 21,024 tons. In 1941 it was 51,000 tons.

Mr. KUNKEL. I just had the figures given to me that the 10-year average prewar was 26,000 tons per year.

Mr. LOUDEN. Well, in the prewar period the highest production was 39,000 tons. Of course, that is just the Netherlands East Indies.

Mr. KUNKEL. Yes; I asked the question the other day and the answer I got included Malaya. That is why I asked the question.

Mr. LOUDEN. There are figures from the metal statistics for 1947.

Mr. KUNKEL. I wanted it broken down so as to have the figures for the Netherlands East Indies alone.

Mr. SMITH. What did you say the figure was for 1947?

Mr. LOUDEN. For the month of January 1947, it was 1,210 tons. For the month of January 1948, it was 1,912 tons. I pointed that out to indicate the increase—it is a 60 percent increase. The Department of Commerce talks about a gradual increase. A 60 percent in a year's time, I would say, was a remarkable increase.

Mr. KUNKEL. The 1947 production was 16,000 tons.

Mr. SMITH. So, it would climb up to about 22,000 tons, nearly 23,000 tons, if that increase is maintained.

Mr. LOUDEN. Yes, sir. Mr. McCoy states that before the war the United States consumed nearly half the world's tin output. He goes on to say that the tin production for 1948 is estimated at 150,000 to 160,000 long tons. And that we will receive 67,000 tons as our share.

Taking his lowest estimate of 150,000 tons, you will find 67,000 tons is approximately 44 percent. In 1940 the world's tin production was estimated by metal statistics at 235,500 tons, and the United States imported 124,216 tons, or approximately 52 percent.

In 1941, the world tin production was 241,700 tons, and the United States imported 169,543 tons, or approximately 70 percent.

The Government was not in the importing business in 1940 or 1941. These figures seem to show that private brokers are by far the better bargainers.

On page 5, table 2, of Mr. McCoy's statement, he shows exports for 1947 at exactly 500 tons.

On page 330, volume 4, transcript of the hearings before the Senate Judiciary Committee, Mr. Vogelsang, of the Office of Materials Distribution, testified in reference to 1947 exports.

I think it amounts to about a thousand tons.

I very much doubt the accuracy of the 500-ton figure given by Mr. McCoy.

Now, let us look at table 1, page 4, of Mr. McCoy's statement, under the heading "Stocks at the end of the year" the second item, followed by a footnote, indicates "estimated."

The stock of pig tin held by the Reconstruction Finance Corporation and available for sale has been reliably reported at 24,500 tons. Mr. Jewett corroborated that in his testimony yesterday. While

the Department of Commerce, in table 2, estimates 20,000 tons held by the Reconstruction Finance Corporation— a difference of 4,500 tons—almost 20 percent.

Again referring to table 1, he shows the total stock, January 1, 1948, as 61,350 tons. Adding the 4,500 tons that we know about, we then have total stocks of 65,850 tons.

Mr. McCoy estimates our supply of pig tin and concentrates for 1948 at 67,000 tons. This makes a total of 131,850 tons of primary tin available for 1948. That is by using his own figures.

Mr. McCoy estimates requirements of primary and secondary tin at 131,000 tons. On this basis, at least 24,000 tons would normally be secondary tin, leaving him a requirement, according to Mr. McCoy's figures, of approximately 89,000 tons of primary pig tin, with 131,850 tons available.

Now, referring back to Mr. McCoy's table 2, on page 5, the bottom row of figures shows a consumption and export of pig tin for the years 1937 through 1947. With the exception of 1941, which was an abnormal year in that Government urged all industry to increase their inventories of all strategic materials to the highest possible extent, you will not find a yearly consumption of pig tin of around 89,000 tons, as estimated demand for 1948 would be. The highest was in 1940, slightly under 75,000 tons.

It is also necessary to take into consideration that due to the electroplating process, 1 pound of tin will produce on the average $1\frac{3}{4}$ times as much tin plate as compared to the prewar hot-dip method, and tin plate accounts for slightly over 50 percent of the pig tin consumed in this country.

Projecting these figures back to prewar basis, he is estimating that we would require 123,000 tons of pig tin.

It has been our contention that the Department of Commerce has no pattern or basis for making allocations. In the supplementary testimony of Mr. McCoy, he states that there are two alternative courses to follow in distributing the available supply. One being a historical basis.

The other course is to distribute selectively, upon the basis of minimum need, and other relevant factors.

Now, that is the course which they are following. That is the pattern of allocations. May I read that again:

* * * to distribute selectively, upon the basis of minimum need, and other relevant factors.

We have been wondering for some time and have tried to find out the method of allocation used. This pattern which they follow certainly, to my way of thinking, does not tell very much.

He goes on to say that that is the only course appropriate, particularly the policy of protecting the domestic economy from injury, which would result from adverse distribution of materials which continue in short supply.

Is not the allocation of a thousand tons of pig tin for the use of beer cans adverse distribution, when wall tile, sanitary ware, and materials which have permanency, are denied the use of tin? Or at least an equitable share of the available supply? That probably is where the "relevant factor" comes in.

He goes on to say: among other consequences, it would mean that some users—he is referring in this case to historical allocation—some users would get more than they require.

That is exactly the condition which exists today, gentlemen. As we have cited before, they allocated 32,500 tons of pig tin to the tin plate industry. They were only able to use around 29,600 tons in a year of steady production. Though the ceramic industry is being allocated one-fourth to one-fifth—depending upon what years you use for pre-war figures—of our normal prewar requirements.

He goes on to say that these restrictions have been developed with the advice of industry over a period of years and now represent a well developed pattern.

I can frankly say that we have never had an industry hearing in our industry. We were promised one last July. We telephoned to the Department of Commerce, we wrote the Department of Commerce, and there was promise after promise advising us that it would be held next week—well, perhaps they held it, but our concern was never advised. And I am sure that the majority of the people in our industry would never recommend the type of controls which now exist.

He goes on to say:

I am referring to the need—

this is explaining the principle on which they allocate—

in the sense of the essentiality of using tin in or for tin products or processes.

I recall to your mind that the tile council, representing 19 companies, explains, I think, very clearly, their particular need for tin oxide in their industry. The sanitary ware people also have a very urgent need—as well as the terra cotta and other building-materials industries.

These products are permanent when they are installed in a building. A beer can, animal food can, using a thousand tons of tin—last year—and I do not think there is any question about it, because we have heard a lot of talk about this great conservation act, or amendment to Order M-81—if you read the order closely, it says that no person may produce more beer cans than he produced in 1947, and 1947 was the greatest year of production of beer cans in the history of the world. So they are not conserving very much. And the building industry is permitted one-fourth of their requirements of tin oxide.

Mr. KUNKEL. Is there any shortage of glass at the present?

Mr. LOUDEN. I know of several glass plants which have shut down—several tanks, I do not mean they have shut the entire plants down, but they have been forced to shut down several of their tanks for lack of business. One of them which I happen to know about was interested in making some ruby glass tableware to supplement their lost bottle production. Tin oxide is not available for that use.

He goes on to say that:

Generally speaking, the products and processes for which tin is permitted represent cases in which it has been found that tin is needed because substitutes are either not available or not practical.

Of course, the beer bottle is not a substitute for the beer can, because it was here many years before the beer can was. I presume that that is their logic in that instance.

Of course, they are opposed to historical allocations, but after taking these relevant factors, and this selective need, then, they go on to say:

After reducing requirements for permitted uses, through the several conservation techniques mentioned, we distribute the tin among those uses, on the basis of such factors as historical consumption, changes in conditions, requirements for minimum economic rate of operation, and so forth.

Well, gentlemen, I do not believe they even do that. I want to read a directive.

Mr. KUNKEL. Are they not using a historical use-base in the beer-can allocation for 1947?

Mr. LOUDEN. You mean basing it on 1947?

Mr. KUNKEL. Yes.

Mr. LOUDEN. Yes, you are right, Congressman, they are in that case. Of course, the trouble is, it is a hodge-podge of everything. I have found the secret of the thing. I have been trying to find out how they allocate. According to the testimony it is this relevant factor.

I want to quote from a letter we received on March 28, 1947.

It appears from information made available by the tin-oxide producers that from 45,000 to 50,000 pounds of tin oxide will be required for each month of uses now permitted by Order M-43 as amended February 6, 1947. However, in permitting the use of pig tin to produce tin oxide, it is the intention of this office that tin oxide produced from waste shall be fully consumed in conjunction with any produced from pig tin.

Some producers of tin oxide are highly favored by certain users. Therefore, it is necessary that this office direct the amount of tin oxide to be produced from pig tin, by the individual manufacturers. In directing this manufacture of tin oxide from pig tin, consideration has been given to the economic limits of production and minimum production runs.

And it goes on. The point I wanted to make is this:

Some producers of tin oxide are highly favored by certain users.

The Department of Commerce takes into consideration not the quality of product among manufacturers, but allocates and directs each individual manufacturer to make so much oxide, regardless of the quality of the material, regardless of the number of orders he has on his books, and regardless of the number of customers that desire and prefer to use his product. That is not even a historical basis. They just took some figures at random and directed each manufacturer to produce so much. And if the customer cannot buy it from this manufacturer, he is forced to go to another one. It may be an old customer which a manufacturer has supplied for years.

Mr. SMITH. I do not quite understand what you are saying. Do you mean that this tin is allocated on an arbitrary basis in such a manner that a concern gets more tin than it needs? I do not quite understand you.

Mr. LOUDEN. I would not say a concern gets more tin than it needs. Are you referring to this recent statement I made, Dr. Smith?

Mr. SMITH. Yes; just a moment ago.

Mr. LOUDEN. Well, I would not make the statement that it gets more than it needs. I do not know what the needs of our competitors are—I will put it that way. In other words, there was no historical basis. There are only three manufacturers of tin oxide. Two of them produce a grade of tin oxide made from primary pig tin. The other manufacturer produces tin oxide from reclaimed tin. There is a

difference in the quality, and a difference in the price of the product, and a difference in its uses.

They did not take into consideration the historical requirements of the three manufacturers. They just simply limited each producer of tin oxide to so much tin oxide, regardless of who his customers were, what the permitted uses were, his past business relations with various customers, and so on.

Mr. SMITH. The historical base which you are recommending on page 1 of your statement—in all cases where they have used that base, there has been a complaint about new industries not being able to start up.

Mr. BANTA. That is not applicable to individual users, though, is it? It is an industry-wide basis?

Mr. SMITH. Even if it is industry-wide, I am just wondering why that would not pertain here just the same.

Mr. BANTA. If a new person gets in, that just enlarges the industry. That new person would get his share; is that not the way I understood you, Mr. Louden?

Mr. LOUDEN. That is right.

Mr. SMITH. Anyone could go into business, and he would get his share. I do not quite understand the allocation on an industry-wide basis. They did that with sugar.

Mr. BANTA. No, that was on a user basis. In other words, each individual user had to show to the allocating authority his historical use, and, therefore, if he had not been in business in 1941, he was not eligible for any sugar.

Mr. SMITH. Your idea is, Mr. Louden, that a man starting up in business would get his tin just the same?

Mr. LOUDEN. Absolutely. This industry-wide or industrial classification, was established by the Bureau of Mines 10 or 15 years ago—perhaps longer—but we have records going back at least 10 years or 15 years ago, and each industrial group—let us take tin oxide for example, as I am more familiar with that: there are three manufacturers today. Prior to the war there were, I think, five. One of them made a grade of tin oxide that was not particularly used in the ceramic industry at all, so I am not counting that one. So there were five. The total ceramic industry requires so much tin oxide. Now, if there are three of them making it—let us say for the sake of argument that they are making 600 tons a year. Based on the orders they have, that can be controlled, however, by their inventory, under Order M-43. It is perfectly all right to an inventory control, but at the price of tin today. I do not think any manufacturer is going to build up great stocks of tin, because no one can see what the future is going to bring.

Mr. SMITH. I am still wondering, even though this is on an industry-wide basis, whether there is not an opportunity on the part of the allocating authority to limit the number of new businesses that might otherwise begin operation. After all, this is an arbitrary proposition on the part of the allocating authority. You would have no objection, yourself, insofar as your concern is involved, to new businesses coming in, would you?

Mr. LOUDEN. Not a bit, we enjoy competition.

Mr. SMITH. As I gather from your testimony, you would prefer having all controls removed?

Mr. LOUDEN. Definitely, that is our opinion, but there has been so much expression of fear that we feel that possibly some form of control may be continued. We prefer to see them completely eliminated, if possible. But we are right up against it as an industry, and we are seriously pleading for the life of this industry, because we have had no consideration. We have no recourse. The same group of people who write this order administer the order, and hear all complaints or appeals by industry against this order. So you have three strikes on you before you ever go to bat.

Mr. SMITH. Do I understand from your testimony that you feel you have been discriminated against?

Mr. LOUDEN. Without any question, Dr. Smith.

Mr. SMITH. And if all controls were taken off, you would be willing to take your chances with the beer industry, insofar as getting tin is concerned?

Mr. LOUDEN. We certainly feel that our own personal ingenuity will be far superior to relying upon the Department of Commerce procuring tin for us. If we cannot get more than half of our prewar requirements on an open market, we are not very good.

Mr. SMITH. You are not objecting to the beer industry's use of tin, are you?

Mr. LOUDEN. I did not understand that, sir.

Mr. SMITH. You are not objecting to the beer industry being supplied with tin, are you?

Mr. LOUDEN. We have no objection whatever. We do not begrudge them a pound of tin that they got. The only reason I brought out the beer-can business is because it is so utterly ridiculous, the reasoning and thinking of the Department of Commerce.

Mr. SMITH. In other words, you think that if they make these allocations on the basis of selectivity, that, to be consistent, they would naturally be required to give first consideration to the use of tin for other products than beer cans?

Mr. LOUDEN. Well, they claim now that they are doing it on a selective basis, and on the basis of other relevant factors. On a historical basis, the beer-can people would not be hurt a bit. Probably the tin-plate industry would have more tin than they had this year. It is the only fair and equitable way in which to distribute the materials.

Mr. KUNKEL. If you had the historical use on an industry-wide basis, and the allocation was made on the industry, how would the distribution occur from that point on?

Mr. LOUDEN. Well, that would be up to the Department of Commerce, but in my opinion they would set aside a certain percentage—we would know, and we would have some facts to work on, to the effect that our industry was to receive so much. We could then make plans. Then a new business coming in would get a certain proportion, but the Department of Commerce would have to allocate—or some Department would have to allocate, I think, to each individual manufacturer. But they could allocate on the basis of their inventory. If a man's monthly requirements were, we will say, 50,000 pounds, and he had a 200,000-pound inventory, there would be no reason to allocate any to him during that month. But the whole industry would receive no more than its proportionate share.

Mr. SMITH. On page 3 of your prepared statement that exports of primary tin amounted, in 1947, to approximately 1,000 tons, and further, according to testimony, this was done to help out general export business of the domestic exporter. What testimony do you refer to?

Mr. LOUDEN. That was before the Senate Judiciary Subcommittee, Senator Cooper of Kentucky, chairman of the subcommittee.

Mr. SMITH. That was given as the reason for exporting?

Mr. LOUDEN. That was the reason for exporting it. Of course, they like to help out everybody, it seems, except the ceramic industry. That has been our complaint.

Mr. COLE. We have heard also statements about others not being able to use tin for the construction of refrigerators, tin for wire, and so forth.

Mr. LOUDEN. I agree with you. That is correct.

Mr. STRATTON. Do I understand you would prefer to take your chances in a competitive market rather than submit to an allocation by the Department of Commerce?

Mr. LOUDEN. That is correct.

Mr. STRATTON. You feel that you would be better off if you could go out to the usual business channels to obtain your tin. You are not afraid of the effects that would follow some of these controls being taken off?

Mr. LOUDEN. Absolutely not. In fact, I think I can almost say that I know we would do better.

Mr. SMITH. Your industry has made some remarkable advances in the use of tin; is that not correct?

Mr. LOUDEN. In the use of tin?

Mr. SMITH. Yes, in the use of tin for ceramic purposes.

Mr. LOUDEN. Tin has been used by the ceramic industry for hundreds of years. I would not say that we have made such advances. Of course, there have been some advances. Tin is a high-priced material for the ceramic industry. There have been some advances, and I very much doubt their estimate of 113,000 tons being used. We know that in the ceramic industry, there are some groups which will not use nearly as much tin as they did in prewar days. Take, for instance, the porcelain-enamel field. That is the coating used on the outside and inside of refrigerators. In that whole field, there are now substitutes which work very satisfactorily, and I doubt if there will be very much, if any, tin—there may be some—used in that field anymore.

Mr. SPENCE. How much tin is recaptured from used cans and containers? During the war we were exhorted to save all our cans in order that tin might be recaptured. What proportion of tin is recaptured from used cans and used containers containing tin?

Mr. LOUDEN. I am only giving an opinion there. I do not believe any is now. There may be a small amount. There is a plant in Cleveland which may be still using a small amount of reclaimed tin cans—and I am not even sure of that—but the whole program of reclaiming tin from tin cans has been practically eliminated, and, of course, the reason for that, I think, is that there is such a very, very small percentage of tin on tin cans now, due to the electroplating process, that it is not considered worth while.

Mr. SPENCE. Well, why were the people urged to save all their used cans during the war? There was a great publicity program carried on in that respect.

Mr. LOUDEN. Of course, I am just stating an opinion—that is a little out of my field—but it is my understanding that at that time, particularly in the early part of the war, the great majority of tin plate was made in the hot dip process, and those cans had probably two to three times as much tin on them as tin cans have today. Under the conditions existing at that time it was worth while to reclaim the tin. The Department of Commerce officials could probably give you a better opinion in that respect than I can. I am doing a little assuming.

Mr. SMITH. Are there further questions?

(No response.)

Mr. SMITH. If not, thank you, Mr. Louden, for your presentation.

Mr. LOUDEN. I certainly want to thank you, gentlemen, for giving us the privilege to appear, and I would like to express again our urgent need for equitable distribution of tin in the ceramic industry, and we sincerely trust that you gentlemen will give that your most serious consideration.

Thank you.

Mr. SMITH. Thank you, Mr. Louden.

(The following statement was presented for inclusion in the record:)

STATEMENT OF RUSSELL F. DUNCAN, MANAGER, CERAMIC COLOR DIVISION, FERRO-ENAMEL CORP., CLEVELAND, OHIO, FEBRUARY 23, 1948

1. Our division manufactures ceramic colors for the pottery, glass, porcelain enamel, and plastic fields.

2. There is no substitute for tin oxide in the manufacture of a number of these colors, standards of which were set prior to the war:

(a) This fact was recognized by the administrators in amending order M-43, permitting tin oxide to be used in producing various ceramic colors.

(b) As an example of the inequality of the allocation system one of our competitors who manufactures ceramic colors, also is a producer of tin oxide. This situation permits him to have practically an unlimited supply of tin oxide for the manufacture of ceramic colors.

(c) We buy tin oxide on the open market. Our suppliers are able only to supply us with less than 50 percent of our requirements; therefore, this competition is making inroads in our color business.

(d) European color manufacturers have sufficient supplies of tin oxide to manufacture and export substantial quantities of ceramic colors to this country, which of course, affects our sales.

(e) Considering the restrictions placed upon our industry while other industries and foreign competitors have tin available comparable to prewar usage, we earnestly request that bill S. 2023 in regard to the allocation and control of tin and tin products be rejected.

Mr. ILIFF. My name is John W. Iliff, of the Harshaw Chemical Co., Cleveland, Ohio.

Mr. SMITH. Proceed, Mr. Iliff.

STATEMENT OF JOHN W. ILIFF, ASSISTANT GENERAL SALES
MANAGER, HARSHAW CHEMICAL CO.

Mr. ILIFF. The Harshaw Chemical Co. is an Ohio corporation with general offices in Cleveland, Ohio. Since 1903 we have continuously produced tin oxide at our Elyria, Ohio, plant, near Cleveland, except as our supply of pig tin has been cut off by war or by Government regulation.

The ceramic industry is the principal consumer of tin oxide, which is used either as a white pigment or as an essential component for colors. For many applications, only tin oxide will work at all, and for others tin oxide assures the highest production of first-class ware and lowest over-all costs.

The ceramic industry has been unduly handicapped by the lack of adequate supplies of tin oxide, and we appeal for the ceramic industry and for ourselves either for the elimination of Government controls of tin or for an amended control which would assure the ceramic industry more nearly their historical share of tin oxide.

For your consideration, we should like to make some comparison of the amount of tin allocated us for the production of tin oxide, as compared to the amount produced by us before the war.

During the 3 years of 1939, 1940, and 1941, we sold and consumed about 1,138,000 pounds of tin oxide per year. Judging by figures published by the Bureau of Mines, we sold about 52 percent of the tin oxide produced from pig tin, there being at that time two other manufacturers, and we sold 32.9 percent of all of the tin oxide produced, including that processed from recovered tin, there being two additional producers of such tin oxide.

During 1947 we were allocated sufficient pig tin to produce 120,000 pounds of tin oxide, or slightly more than 10 percent of our normal prewar production. If allocations continue at the same rate of the past two quarters, we will have available about 21 percent as much tin as we did formerly. Neither percentage distribution is adequate for our customers or for our own satisfactory operations.

Next, we should like to advise you of the normal consuming uses for tin oxide. We have gone over our sales for the 3 years of 1939 through 1941, and have the following percentage break-down:

	<i>Percent</i>		<i>Percent</i>
Porcelain enamel-----	31.2	Sanitary pottery-----	15.8
Pottery-----	26.8	Miscellaneous-----	2.9
Tile-----	18	Color use-----	5.3

It may be argued that technological improvements no longer make necessary the use of such quantities of tin oxide. In part this is true, for we believe very little tin oxide will be used by porcelain enamellers henceforth. However, our customers in the other fields constantly ask us for more tin oxide and indicate they will consume tin oxide as they did before. Substitutes can be made to work in white glazes, but the substitutes are much more difficult to handle and give much higher percentages of rejects and much higher costs. In particular, the use for ceramic colors will increase to about 15 percent of the total because tin oxide is the only material which will permit production of an acceptable substitute for the yellow formerly made with uranium.

It is also true that the general level of activity in these fields has increased since before the war, and would be sufficient to offset any reduction in percentage or places or use. Certainly, with tin oxide selling at 94 cents to 96 cents per pound, no one will use it if products from one-tenth to one-quarter of the cost will work anywhere near as well.

The restrictions placed upon our ceramic manufacturers contrast markedly with the operation of foreign competitors. We have talked in recent months with ceramic men from Canada, England, Argentina,

Brazil, and Mexico, all of whom say they are obtaining adequate supply of tin oxide for all normal use.

Speaking strictly from the standpoint of our customers for tin oxide and from our standpoint as a producer of tin oxide, we believe the elimination of the controls would lead to our securing more nearly adequate supplies of tin metal. We have, during the last years, had a good deal of experience in dealing with shortages, and it is our normal expectancy to secure a good deal more than one-tenth or one-fifth of our normal requirements even in a very tight market. Much of what we have read recently would indicate the desirability of continuing controls, and we recognize the general interest may be against our own, but we believe it is only by considering the interest of all parties and evidence such as this that you can reach the most sound decision as to the extension of controls.

If you should decide to continue controls, we hope that they can be extended in such a fashion as to assure a larger supply of tin for tin oxide, one more nearly in keeping with current demands and with historical consumption. Finally, we should emphasize perhaps that we are discussing a use which normally would only take 1 percent to 1½ percent of the total tin supply.

I would like to supplement that statement with a few remarks.

First of all, I would like to make it clear that we feel that the administration of Order M-43 has, as a whole, been done very capably and conscientiously. We feel that the people administering the order have made mistakes—and some of the mistakes have hurt us, particularly, quite seriously—but I think that the group as a whole tried to do a good job.

But there is so much room for differences of opinion in peacetime as to what is essential and what is not essential that I think it is difficult for us to agree, and I think it is difficult for our customers for tin oxide to agree, with the allocation basis used by the tin group.

I think the control of shortages is always going to be difficult. Yet I think in distributing tin oxide to customers we are perhaps a little more closely in touch with the needs of our customers than the Tin Branch of the Department of Commerce.

Tin oxide has been used in ceramics for a good many centuries—long before tin cans were thought of—and I would like to amplify that just a little and perhaps answer some of the questions which were brought up before.

First of all, as to whether the industry has made any advances in the use of tin oxide. I have been fairly closely associated with the ceramics industry since about 1928. During that entire period, I would say the major interest, on the part of the ceramic consumers of tin oxide, has been to secure a substitute for tin oxide.

In those days tin was a good deal cheaper than it is now. It sold for around 50 cents a pound. And yet that is a high-priced opacifier. And even before that, and since, the fluctuations in price for an opacifier as important as tin make it difficult for a ceramics producer to stabilize cost, and, as a result, the whole trend in the industry has been for the elimination of tin oxide and the uses that have existed, say, through the period from 1939 to 1941, are the uses that existed because no substitute was available.

There is one exception—that is, the porcelain enamelers, who consumed about 31 percent of the total. They have been able to use a substitute which works, I feel, every bit as well as tin oxide. And there is no indication that those people want more tin oxide. But they are the single industry, I think, in the whole ceramic group who can use something else besides tin oxide at the same cost and to secure the same results.

Now, I think the tin group has taken the view, in part, that the reasons for the use of tin oxide are psychological, that people like colors in pottery, but that they can get by with white pottery. However, I do not think that any of you would be very much interested in the purchase of white dishes, undecorated, if you could buy attractive, underglazed, decorated, or attractive glazed pieces.

The British, who have always been a strong factor in competition with us, have an unlimited use of tin oxide.

Mr. STRATTON. Would you repeat that?

Mr. ILIFF. I would say the British, who represent one of the largest single competitive sources of chinaware, have unlimited use of tin oxide.

Mr. STRATTON. Do you mean they have unlimited supplies now?

Mr. ILIFF. That is right. They have no restrictions on it whatsoever. The British, in fact, do offer tin oxide for export.

Mr. SMITH. Is it not a fact that the British actually dominate the Combined Tin Committee?

Mr. ILIFF. That I do not know. I would say that they certainly have a very great influence in the Combined Tin Committee as a result of their position.

Mr. SMITH. I do not think there is any question at all but what they dominate the Combined Tin Committee. You say they are getting all the tin oxide they need?

Mr. ILIFF. That is right; they are.

Mr. SMITH. And the British are virtually fixing the price on tin? The control being in the Combined Tin Committee, the prices are virtually fixed by it.

Mr. ILIFF. I would say, over-all, from what I have read of the negotiations, that the British and the United States, in their negotiations, have attempted to hold back on the increase rather than to promote it. The producing countries, on the other hand—the Malaysians themselves and the Bolivians—have constantly asked for higher prices.

Mr. SMITH. That may be true, but in an open market would the price be as high as it is at the present time?

Mr. ILIFF. I think in an absolutely open market, with free competition, the price of tin would be much higher than it is now.

Mr. SMITH. But perhaps you would have more tin.

Mr. ILIFF. I think we would. I think we would have more tin only if the operations of the International Tin Committee were to be suspended, because so long as they control the distribution of the tin metal, we will not be able, even by offering higher prices, to obtain more. But if they suspend operations, I would imagine, as Mr. Jewett said, that the incentive to obtain dollars would lead to higher supplies of tin for this country.

I notice that the Dutch, in particular, are concerned with the probability of such an increase in price because they feel it will, in the end, work to the detriment of the industry because the search for substitutes is always more acute when the prime material increases in cost.

Mr. STRATTON. But in the case of this particular industry we are discussing—the ceramics industry—in effect this present tin agreement gives the competitors of the American ceramics industry almost an unlimited field in which to operate and gives them a particular advantage; is that not correct?

Mr. ILIFF. That is correct. However, we would be in a much better position, competitively, if we had, let us say, a historical amount of the tin which the Combined Tin Committee allocates to the United States.

Mr. SMITH. What amount of tin is Great Britain using now, compared with what she used prior to the war? Do you have figures on that?

Mr. ILIFF. No; I don not have that figure.

Mr. STRATTON. Do you have it on tin oxide?

Mr. ILIFF. No. I do not know how much the British are producing. The only thing I do know is that Argentine friends of ours have told us that they can buy tin oxide, as much as they want, from the British. We know that the porcelain enamelers, even, in Argentina, are using tin oxide.

Mr. STRATTON. English tin oxide?

Mr. ILIFF. That is right. We know also that the Canadians are using tin oxide purchased from England. And we know that the Mexicans, to whom we formerly sold, are using tin oxide.

We are not so much interested, however, in the export market for tin oxide as we are in securing enough tin oxide for our own customers. And I would say, strictly from a selfish point of view—that is, the point of view of the Harshaw Chemical Co.—That we find it very difficult to operate under this type of control because we find that even percentage distribution does prevent our selling to customers to whom we sold before the war, and I think there is a big temptation on the part of all producers, when there is an extremely short supply such as there is today, to offer a barrel or two of tin to someone they did not sell to before. Then the old supplier looks pretty bad, and the new supplier looks pretty good. It leads to a changing around of customers on a basis not of performance, or quality, but wholly on the basis of availability, which is dictated by conditions entirely beyond our own control.

Sometimes that works for us, I will admit, but it also works against us a great deal. In the testimony which Mr. Loudon introduced before the Senate committee he quoted a letter by the Ferro-Enamel Corp. of Cleveland, who are users of tin oxide for colors, and they state that they are getting about half of the amount of tin oxide which they require, and that another color producer has unlimited supplies of tin oxide for its use.

Now, we happen to be that other color producer. We also happen to be the largest color producer in the pottery field—that is, of glazed stains, underglazed colors, and the like. We are getting, over-all, in 1947, one-tenth as much tin oxide as we formerly used. Yet Ferro-Enamel feel a little miffed by the way controls are handled, and we

are not very happy about them either. I think we would like it a little better if it were under our own control.

Mr. STRATTON. You do not have any fear that your normal business relationships would be disrupted if controls were taken off?

Mr. ILIFF. No. I think it would have much less effect on normal distribution. At least we know that the McGean Chemical Co., who are our competitors, are pretty tough competitors, and we know they would go out to get tin and we know we would, too, but I think the distribution would then be based on how well we could buy tin and how well we could sell it.

Mr. SPENCE. What is the salvage on used tin cans?

Mr. ILIFF. The normal detinning operations in the tin industry are based not on used tin cans but rather on the skeletons from which the ends of the cans are stamped out. In other words, on the pieces that are left over after the stamping operation is completed.

The use of used tin cans is practically out these days. I know that Johnson & Jennings, who are producers in Cleveland, are using only the tin scrap and not the used tin cans. I think Metal & Thermite are still securing some used tin cans from, I believe, the Army, or from some Navy installations abroad. It is impractical, in times of peace, I think, to persuade a housewife to go to all the effort of cutting both ends out of a can, pressing it down and saving it. By and large, that was an expensive way of securing pig tin, and it called for a lot of free cooperation on the part of the housewife and on the part of the local collecting agencies.

Mr. STRATTON. Do you not suppose that was done to produce other things as well as tin?

Mr. ILIFF. Yes; to produce scrap.

Mr. STRATTON. And also to produce enthusiasm among the people who might look critically at certain policies following and during the war?

Mr. ILIFF. I think that might be so.

Mr. STRATTON. It was planned that way, was it not?

Mr. ILIFF. I believe it was, but it was quite a help.

There is one other thing to think of. In detinning tin scrap, or, in those days, tin cans, you secured not only pig tin, but also steel for remelting.

Mr. SPENCE. What was the salvage during the war, from used tin cans?

Mr. ILIFF. I do not know what the salvage was during that period, sir. It was substantial, though, I should judge, from what we heard about it.

Mr. SMITH. Are there further questions?

Mr. FOLGER. I would like to ask a question, Mr. Chairman.

Mr. SMITH. Mr. Folger.

Mr. FOLGER. Suppose the United States were to remove all controls. Would it be considered, by the international council, that we were thereby essentially withdrawing from any participation in their activities?

Mr. ILIFF. I should not think that if we were to eliminate our current type of M-43 control it would need to affect the international com-

mittee at all, because that is what might be called a primary distribution of tin for primary distribution to the United States. What we do after that, I should think, ought to be our own business.

Mr. FOLGER. What percentage of our production do we have domestically?

Mr. ILIFF. In the Engineering and Mining Journal for February 1948, Mr. Johnson, who was then, I believe, acting director of the Metals Reserve and who is now assistant director of the Division of Raw Materials of the Atomic Energy Commission, on page 81, gives figures for the tin position, receipts and sales, in 1947 through November 30, and he states that we imported, in metal, during those 11 months of 1947, 28,865 tons, and that during the same period the Texas City smelter production was 30,301 tons.

Mr. FOLGER. Where did the tin ore come from which the Texas City smelter processed?

Mr. ILIFF. Then he gave figures for receipts of concentrates of 27,085 tons, which came from Bolivia and from the Netherland East Indies, I believe, largely.

Mr. SMITH. Will you yield, Mr. Folger?

Mr. FOLGER. I yield.

Mr. SMITH. What was the proportion, there, as between the Bolivian imports and the East Indies production?

Mr. ILIFF. I think Mr. Jewett may have given that figure yesterday. As I recall, we were shooting for something like 16,000 to 18,000 tons from Bolivia, but I do not know that particular figure accurately. That would be a little more than half of the receipts for the year—or for the 11 months, rather.

Mr. SPENCE. How much tin is produced in the United States?

Mr. ILIFF. How much tin?

Mr. SPENCE. Yes.

Mr. ILIFF. The production of tin in the United States is carried out, I would say, pretty completely by the Texas City smelter, and during those 11 months they produced 30,301 tons. There is a small amount of tin produced by Vulcan Detinning Co. and by the Metal & Thermite Corp. as a byproduct of the detinning operations.

I do not know where that is shown in the Government figures.

Mr. SPENCE. That 30,000 tons was not mined in the United States, was it?

Mr. ILIFF. No; there is no mining activity in the United States.

Mr. SPENCE. Has there ever been any mining of tin ore in the United States?

Mr. ILIFF. I think not. Or it would be so small as to be insignificant.

Mr. SPENCE. I remember many years ago protective tariffs were placed on tin. That is one industry that did not grow; is that right?

Mr. ILIFF. That is right. We have a little different picture in antimony, where we have developed a domestic business. But not in the case of tin.

Mr. SMITH. Are there further questions?

If not, thank you very much, Mr. Iliff.

Mr. ILIFF. Thank you, Mr. Chairman and members of the committee.

(Following is a statement of exports of tin oxide from the United Kingdom:)

United Kingdom export of tin oxide

First 8 months

In hundredweights (112 pounds) :— 1938, 5,206 1946, 6,700 1947, 7,590

Source : Accounts Relating to Trade and Navigation of the United Kingdom, August 1947.

STATEMENT OF ROBERT P. FISCHELIS, SECRETARY, AMERICAN PHARMACEUTICAL ASSOCIATION

Mr. FISCHELIS. My name is Robert P. Fischelis, secretary of the American Pharmaceutical Association. We are an association of pharmacists, which includes people who compound prescriptions, people who work in hospital pharmacies and in the research laboratories, educational institutions, and so on. It is an association not for profit, but an educational, scientific and research organization.

We represent the practicing pharmacists who compound prescriptions and therefore we are interested in quinidine, which is one of the drugs in the cinchona group which is regulated under this act and by the order under the act.

There has been a shortage of quinidine for quite some time—in fact, ever since the East Indies went to Japan and the cinchona bark, which came from that source, was no longer available.

Quinidine is a drug which exerts certain actions on the heart which are essential in the treatment of certain types of cardiac ailments. No other drug will do what quinidine does for these cardiac patients. Therefore it is a drug which needs to be supplied continuously and in sufficient quantity for those who find it indispensable for the maintenance of life.

Cinchona bark contains a number of alkaloids, one of which is quinine. Cinchonidine is another, cinchonine is another, and quinidine is another. Not all cinchona bark contains quinidine. Some of it contains very little; some of it up to about 1 to 1½ percent. That is in contrast with a quinine content of cinchona bark of around 3.5 to 5 percent.

Quinidine is obtained from the cinchona bark in the same process in which these other alkaloids are produced, so that the processing of cinchona bark is essential to the production of quinidine.

You may have heard that quinidine has also been produced synthetically, but to produce it synthetically you have to start with quinine and the synthetic process is a very costly process and was abandoned immediately after the war. It was only instituted during the war as an emergency, in case there should not have been sufficient quinidine available to supply cardiac patients from the natural source.

The cost of synthetic quinidine is approximately four to five times that of the quinidine obtained from the Cinchona bark. So, for a cardiac patient the substitution of synthetic quinidine for the natural quinidine would mean a serious increase in cost.

Now, under the present order there is partial control over quinidine. That which is supplied through Government sources is under control and allocation and the only end use allowed is for treatment of heart conditions. That which is obtained in the open market

is not under such control. The practicing pharmacist, therefore, must ascertain, if he is to obey the rules, whether the quinidine comes from a "free" source or whether it comes from a Government source.

That is a difficult thing, from his standpoint, and it is a very important thing from the standpoint of the cardiac patient because the controlled part of the quinidine may be, as in the present quarter, a relatively small part of the total supply. Since the uncontrolled product may be drained off for other uses, a shortage of the controlled product may deprive the cardiac patient of indispensable medication if he happens to live in a section of the country where the product may not be available because of the uncontrolled distribution.

We would like to see the controls on quinidine cover all of the quinidine. We appeared before the committees of the Congress, when this matter was up originally, and asked for such control. Since the control was divided we have had an opportunity to determine what the effect might be. We conducted a survey of prescription pharmacies and we selected, for that survey, those pharmacies which compound large numbers of prescriptions and which would ordinarily be expected to be able to obtain drugs from the sources where the supply is plentiful.

This order, under which we are working, provides that such amounts as 2 ounces—not in excess of 2 ounces—can be obtained without having the pharmacist make application for an allocation. He can obtain that much from his wholesaler. Above that amount, the allocation has to be made directly by the Commerce Department to the individual who fills the prescription.

Most of the pharmacists we contacted are people who do enough prescription work so that they could have quinidine allocated to them, and of course quite a number of them also obtain their supplies from wholesalers.

Almost 80 percent of the pharmacists we contacted on this question answered the questionnaire, indicating the high degree of interest in this subject.

Fifty-five percent of them replied "no" to the question, "Are you now able to obtain all of the quinidine salts required, either in powder or tablet form, to meet your prescription requirements?"

Five of these pharmacists said they were able to fill only 50 percent of their prescriptions, and many others indicated that they rationed their quinidine by cutting their prescriptions to less than the amount called for.

Several reported that patients were forced to omit medication until supplies could be obtained because they were unable to fill all of their prescriptions. They reported that prescriptions had to be held until new supplies arrived from several days to as long as 2 weeks.

One pharmacist reported that he had prescriptions requiring his entire supply of quinidine before the supply had arrived.

Even in the case of the 45 percent who replied "yes" to the question, many of the replies indicated a tight supply situation. Several said that they were just getting enough quinidine to supply their prescription demands.

Two said that although they had enough they knew that other pharmacists were having difficulty obtaining quinidine.

Two of the pharmacists replying "yes" stated that they had not had

any prescriptions for quinidine recently and four stated that they were able to obtain sufficient supplies only through the Government supply.

These replies were made in October and November of 1947, which was after the controls were lifted on a part of the quinidine supply.

I think I should tell you that it is absolutely impossible for any pharmacist to determine in advance whether he is going to have many or few prescriptions for quinidine. These heart ailments occur all over the United States, and they occur at unpredictable times, and pharmacists need to be prepared for the filling of these prescriptions. If we were to supply only 2 ounces per pharmacist, which would be sufficient for about 6 prescriptions, it would require 100,000 ounces of quinidine. That is just to have a backlog of a meager supply for emergencies.

Now, those pharmacists who are located in sections where cardiologists practice, naturally would have greater demands and they would be in a position to predict their demands a little better than the average practitioner can.

So you cannot take the number of cardiac patients requiring quinidine, multiply it by the maintenance dose, which is about 20 grains a day, and say: "That is the quinine supply, and that is all we need." If we did that, rough estimates indicate that about 300,000 ounces of quinidine would be needed; and that would be assuming, of course, that the quinidine would be distributed over the United States so that each one of these patients would get what he needs at the time he needs it.

Obviously, there has to be this backlog of supply for emergencies, and there has to be an additional supply to provide for transit of this drug from the manufacturer to the wholesaler to the prescriptionist. Therefore, the demand for this drug has been in the neighborhood of 500,000 ounces per year, and we are told that allocations up to the end of 1947 have only reached about one-third of that demand.

Now, whether or not the product which is not under allocation can supply the difference is a question which I think requires a little discussion.

In the first place, the nonallocated product can be diverted to processors who have preferred trade relations with the producer or importer of quinidine. In the second place, such processors can divert their dosage forms of quinidine to preferred prescriptionists.

Such diversions do not make for an even distribution of this quinidine throughout the United States, to the benefit of all of the cardiac patients who might need it.

MR. SMITH. You are talking about the nonrationed quinidine now?

MR. FISCHER. That is right. We have no way of knowing just how those distributions will be made because they are private business arrangements.

MR. SMITH. Would that not be a matter of supply and demand?

MR. FISCHER. It would, of course, be a matter of supply and demand, but the supply of the controlled product would be reduced by this process. Those who were not able to obtain supplies of quinidine for prescriptions, would have to rely almost exclusively on any remaining Government-controlled product because it is quite certain

that the privately supplied quinidine would be held in reserve by those who purchase it in advance.

And there is another factor: Under the controlled conditions as we had them during the war, and as we have them now in the case of the Government product, quinidine can be supplied to the consumer only on prescription, whereas the uncontrolled product can be supplied in any way. A cardiac patient could load himself up with unnecessary amounts of quinidine by simply asking for them because he would have to present no new prescription from a physician for an additional supply.

Mr. SMITH. Would a patient be apt to do that?

Mr. FISCHELIS. Well, if you were a cardiac patient who knew that your life depended upon the continuous use of quinidine all through the year, I think if you heard that there was a shortage of quinidine you would probably try to supply yourself in advance.

Mr. SMITH. But you have no specific evidence that that is being done, have you?

Mr. FISCHELIS. We have evidence that quinidine is called for over the counter, as it were. I might mention, also, that quinidine, being a cinchona alkaloid, is also an antimalarial, and we have had demands for this drug for chill tonics and for antimalarial use, where the cardiac use is entirely out of the question.

Mr. MONRONEY. Does it find its way into many patent medicines?

Mr. FISCHELIS. I do not know how prevalent that is now, but it did find its way into chill tonics to a very considerable extent. I think some forty or fifty thousand ounces, according to the last reports, have been used that way. And, of course, that is inexcusable in view of the dire need for this drug for its specific cardiac purpose when there are other antimalarials which could be used.

Mr. SMITH. Do you represent many of the prescription druggists?

Mr. FISCHELIS. Yes. We have, in our association, pharmacists in all types of activity. Some are in manufacturing pharmaceutical work; some are in teaching; some are in law enforcement. But the majority are practicing pharmacists in hospitals and in prescription pharmacies.

Mr. SMITH. Do you think that all quinidine should be handled by prescription?

Mr. FISCHELIS. Yes.

Mr. SMITH. Regardless of the quantity of quinidine in existence?

Mr. FISCHELIS. Yes.

Mr. SMITH. Why?

Mr. FISCHELIS. Because the quantity is not likely to be sufficient to permit its use for other than heart patients. In the second place, it is a toxic drug which should be used only under medical supervision.

Mr. SMITH. What other purposes could it be used for?

Mr. FISCHELIS. Antimalarial.

Mr. SMITH. Quinidine?

Mr. FISCHELIS. Yes, sir. It has been used ever since cinchona alkaloids have been manufactured. It has been used just the same as quinine and cinchonine and cinchonidine. In fact, before it was discovered that it had the specific therapeutic property which makes it so useful in these cardiac cases, that is what it was used for.

Mr. SMITH. We do not have much malaria where I live.

Mr. FISCHELIS. Well, there is malaria in the South.

Mr. SMITH. I know, but in the North we have very little malaria. We used to have some, but we no longer do, or very little.

Mr. FISCHELIS. Well, there is a great deal of malaria which does not come to the attention of the medical profession and is not reported—where people too poor to afford medical service treat themselves.

Mr. SMITH. What is the difference between the cost of quinine and the cost of quinidine?

Mr. FISCHELIS. The latest quotation that I have is quinine sulphate 80 cents an ounce and quinidine 87 cents an ounce.

Mr. SMITH. Then they would prefer quinine, as far as cost is concerned; isn't that true?

Mr. FISCHELIS. Oh, yes, and as far as availability is concerned, also. But in these chill tonics and other proprietary preparations, they like to use something different so as to use it, perhaps, as a talking point; and it has been used extensively for that purpose.

Mr. SMITH. You mean for malaria?

Mr. FISCHELIS. Yes, sir.

Mr. SMITH. What kind of heart condition is quinidine used for?

Mr. FISCHELIS. The principal use is in what is referred to as fibrillation, principally auricular fibrillation.

I have a statement from the National Research Council giving the uses, because during the war they issued a statement asking physicians to confine their prescribing of quinidine to these particular types of cases: Ventricular tachycardia, which is diagnosed by electrocardiograph; congestive heart failure that appears definitely to have been precipitated by the sudden onset of auricular fibrillation; persistent premature ventricular contractions in patients who have had acute coronary artery occlusion; chronic disease of the heart associated with paroxysmal auricular fibrillation, paroxysmal auricular tachycardia, or auricular flutter.

Mr. SMITH. Mainly for auricular fibrillation?

Mr. FISCHELIS. Yes.

Mr. SMITH. That is really its specific use?

Mr. FISCHELIS. Yes.

Mr. SMITH. There is not very much proven beyond that, is there?

Mr. FISCHELIS. Yes. These uses which I have recorded were supplied by cardiologists who are on the committee for cardiovascular diseases of the National Research Council, and they have indicated that there are other uses; and in recent years quinidine has come into use considerably more than previously, because it has been found to be so useful; but auricular fibrillation and paroxysmal tachycardia are the two principal conditions for which it is used.

Mr. SMITH. It was certainly never used for any of the others, except under special circumstances, by prescription by heart specialists.

Mr. FISCHELIS. Of course, it has to be used under the direction of a physician in order to be used properly.

Mr. SMITH. Not after they become accustomed to using it, though. After a patient becomes accustomed to using quinidine he knows how to handle it, does he not?

Mr. FISCHELIS. Well, I suppose he does after a while. But it was felt by these specialists that patients ought to be rechecked every so often.

Mr. SMITH. I have treated a lot of cases with it myself, and I know that I have quite a few patients who are still buying quinidine on my recommendation or prescription. I see them once in a while and ask them if they are still using quinidine, and they say yes, they are still using it. They are getting along all right.

Mr. FISCHELIS. Are they not the cases where the fibrillation is sporadic?

Mr. SMITH. Well, yes, to be sure. But, nevertheless, we are dealing fundamentally with the same sort of pathologic conditions, whether it is connected with myocarditis or some other condition of the heart.

Is quinidine not a dangerous drug?

Mr. FISCHELIS. Well, I would say it is not as dangerous as digitalis used indiscriminately. You know, of course, that there have been accidents with it.

Mr. TALLE. Mr. Chairman, it was necessary for me to attend another committee meeting. That is my reason for coming in at this late hour.

I wanted to ask if there has been any discussion of quinine and why the Department of Commerce decided to drop its request for the control of quinine.

Mr. FISCHELIS. I think they could probably tell you their reason better than I, but my feeling is that it was dropped because the extent of its use has dropped considerably. We have other anti-malarials, and it just is not being prescribed and used to the extent to which it was, so that there is a plentiful supply.

Mr. TALLE. During the war, it was necessary to use a substitute in the South Pacific, at least.

Mr. FISCHELIS. That is right.

Mr. TALLE. A substitute for quinine.

Mr. FISCHELIS. Yes.

Mr. TALLE. A week ago, approximately, it was said over the radio that American officials in Greece had discovered 10 tons of quinine unused. Ten tons of quinine is a lot of quinine, is it not?

Mr. FISCHELIS. Yes. But they probably have no great use for it if they have the other antimalarials which were developed during the war and which seem to be more satisfactory in many ways.

Mr. TALLE. I will ask the Department of Commerce why 10 tons of quinine were found unused in Greece, although during the war our soldiers could not get it in the South Pacific. That is not for you to answer, however.

Mr. SMITH. Are there further questions?

Mr. STRATTON. Mr. Chairman, this is a little off the subject, but I would like permission to insert in the record, after Mr. Iliff's testimony, some figures on the exports of tin oxide from the United Kingdom.

(The matter referred to appears at p. 154.)

Mr. SMITH. Without objection, that may be done.

Thank you very much, Mr. Fischelis.

Mr. FISCHELIS. Thank you for the opportunity to testify, Mr. Chairman.

(Supplemental statement of Robert P. Fischels, secretary, American Pharmaceutical Association:)

Pharmacists engaged in the compounding of prescriptions, like other professional men, prefer to work in their profession with as little Government

supervision as possible. It may therefore appear paradoxical that we should appear before this committee not only to ask for continuance of the existing control over the distribution of the essential cardiac drug, quinidine, but to urge that the control be made as complete as it was during wartime.

Quinidine is certainly not of any economic importance to the pharmacist. It is only 1 of more than 10,000 drugs and combination of drugs which enter into the 300,000,000 prescriptions which are dispensed annually from the pharmacies of the United States. And the sales value of all the quinidine sold is less than two-tenths of 1 percent of the sum spent by the people of the United States for prescriptions obtained from retail pharmacies as a part of the medicines supplied under the supervision of physicians.

It may well be asked why pharmacists should be interested in having control over quinidine continued under these circumstances. The answer is to be found in the pharmacist's concern for the health and welfare of the people he is licensed by the several States to serve in a professional capacity. Pharmacists consider it as one of their duties to maintain an adequate supply of all drugs prescribed by physicians. It is a part of our American tradition that we should have available throughout the country the necessary supplies to take care of the sick, and we now have established more than 50,000 pharmacies so located that there is approximately 1 pharmacy for each 2,800 people, thus assuring our citizens of a source of supply for necessary drugs when and where required in emergencies. It is to maintain this service that we need proper distribution of scarce drugs. But quinidine is the only drug for which we feel that allocation control is necessary.

Quinidine is one of the few drugs which has a very specific therapeutic effect. It happens to be the only known drug which is effective in correcting certain types of heart disease or functional disorders of the heart. To the patient who needs quinidine, the availability of the drug is frequently a matter of life or death. There is no adequate substitute with which to treat some of the conditions for which this drug is used.

Pharmacists do not want to see these cardiac patients die nor do they want to see them suffer for the lack of the one drug which can be of service to them. Accordingly, they want to see the distribution of this drug handled in such a way that there will be no question about its availability wherever and whenever it may be needed.

Under the present program of control, only a part of the available supply of quinidine is subject to allocation by the Government and to restriction to the treatment of heart ailments. Until the supply of quinidine reaches the point where the distribution may be adequate for all cardiac patients, it is essential that the control be continued and that it cover the entire supply of this drug.

Allocations of the controlled quinidine which are still being made by the Department of Commerce are based on requests from processors and distributors of quinidine including manufacturers of tablets, capsules, and other dosage forms, hospitals, pharmacies, physicians, and institutions.

The requests coming to the department from these sources clearly indicate that the supply is still inadequate. Under the order governing distribution of this drug it may be used only for cardiac prescriptions and it may be dispensed only on physicians' prescriptions. Therefore, there is a very satisfactory check on the extent of use. The record shows that only about one-third of the requested amount of quinidine from these sources has been available for allocation.

It is quite certain that the supply of this drug will not be augmented materially because there is lacking in this instance the customary incentive for increased production. As brought out in my testimony, quinidine is obtained from cinchona bark in the same process which produces quinine. But the quinine has been in the past by far the most commercially valuable result of this process. Today, the demand for quinine is very much smaller because of the development of other antimalarials which are considered superior to quinine. There is therefore not much incentive for a manufacturer to process cinchona bark for quinidine, when some of the bark has no quinidine content, and all of it has very little, if the sale for the quinine which he has had to produce in order to get quinidine is so limited. To make the process profitable on the basis of quinidine production alone would require an extraordinary increase in the price of quinidine. The total demand for quinidine in this country is only around 600,000 ounces; and a large price increase would make the drug prohibitive in cost for many heart patients, especially for those who have to take it constantly.

Neither the production nor the distribution of quinidine is therefore a profitable venture. The incentive to provide it is based on humanitarian motives

rather than on the profit motive. Producers, processors, and dispensers of prescriptions of quinidine could very well afford to ignore this drug entirely if they were interested merely in their profits.

It is to be hoped therefore that the Congress of the United States will encourage and enable those who are in a position to aid these cardiac patients to procure the drug in adequate amounts wherever it may be needed and whenever it may be needed. We want to avoid the possibility of reducing the availability of this drug at the point of use, which may mean a single patient in an outlying district of a sparsely settled state, or a hundred patients in a veterans' hospital.

In view of the unsettled conditions in the East Indies, the supply of cinchona bark, the source of quinidine, is somewhat uncertain. Until the bark is available from sources now being developed in South America, the cardiac patient will be subjected to the hazard of an inadequate supply of quinidine, and this is especially true because of the fact that it is not now very profitable to produce quinidine. It is our considered opinion, based upon more than 5 years of study of the supply and demand as reflected in the figures published by the Department of Commerce and its predecessors in the allocation of this drug, that continued control of all quinidine is essential for the life and health of cardiac patients.

Mr. SMITH. Mr. Mattison, will you identify yourself and state whom you represent?

**STATEMENT OF JAMES B. MATTISON, DAVIES, ROSE & CO., LTD.,
MANUFACTURING CHEMISTS, BOSTON, MASS.**

Mr. MATTISON. Mr. Chairman, members of the committee, my name is James B. Mattison. I represent Davies, Rose & Co., Ltd., manufacturing chemists, of Boston, Mass.

Our suggestions to you, of the House Banking and Currency Committee, are concerned with the distribution of one of the most important of cardiac therapies—quinidine. We are vitally interested in the maintenance of adequate supplies of quinidine and in its controlled use for the prescription of the medical profession for heart patients, until we know beyond any doubt that supplies are sufficiently great to meet this essential cardiac use. As a distributor of quinidine, our firm will confine its remarks before this committee to the problem of adequate and fair distribution of the drug—adequate for the relief of heart patients in city or hamlet, wherever the need is met, and fair to the distributors like ourselves, whose responsibility to those needful of quinidine is keenly realized.

As a distributor, we are not prepared to offer you information on the subject of available supplies. Those who know the supply picture advise us that foreseeable supplies of quinidine as yet are inadequate to meet the demands. We therefore indorse as necessary the governmental control of quinidine. However, aside from the supply picture, we would like to offer a suggestion about its distribution.

The Government formulated what we considered an effective plan of controlling the distribution of quinidine during the first years of its scarcity. This control covered the allocation of all supplies of the drug to manufacturers, wholesalers, druggists, and retail pharmacists, as well as to the physician's prescription, with which provisions we have been closely identified, being manufacturers of tablets of quinidine sulfate, distributed to and sold in every section of the country. This plan of controlling the distribution of quinidine remained relatively unchanged throughout the period of the late war and afterward until July of 1947, when the Second Decontrol Act of 1947—in section 1501, (b), (1), (c)—provided for governmental control of only that quinidine which was held by a Government agency or acquired from a Gov-

ernment agency, leaving free of controls any quinidine which was not purchased by the Government or from the Government. Since then there has been on the United States market both controlled and non-controlled quinidine. This has presented a confused situation to the drug distributors, and it is complicating the effective and fair distribution of that quinidine which is controlled. The present provisions, allowing the distribution of some so-called free, or uncontrolled, drug, permit an oversupply in one place—while a want of the drug may exist in other places, because the administrator—I refer there to the person in the Department of Commerce who actually makes the allocations—of the allocations of controlled quinidine does not know the location of the uncontrolled quinidine.

May I add how can such an administrator effectively allocate quinidine, if it is scarce enough to be allocated?

It is our belief that all quinidine should be under Government control until such time as the total supplies permit the totally free distribution of this essential drug. As there appears for the immediate future a continuance of a scarcity in supplies of this drug, it is our opinion that the complete control originally formulated by the Government should be reestablished, to embrace all quinidine which is handled in commerce within the United States, for in that way a more effective and equitable allocation and distribution of the drug and its preparations can be made possible.

We have endeavored to suggest to you the need of complete Government control of all quinidine until such time as it is assured that its availability has again become fully and freely established.

Thank you for your time and attention, and for your careful consideration of our statement.

MR. SMITH. Was this decontrol effected by administrative procedure, or was it a matter of law?

MR. MATTISON. Pardon?

MR. SMITH. Was this decontrol effected by administrative procedure, or is it a matter of law?

MR. MATTISON. You mean the decontrol allowing some quinidine to be distributed free?

MR. SMITH. Yes.

MR. MATTISON. It was a matter of enactment, last July, of the Second Decontrol Act of 1947—in July.

I have a supplemental statement which I would like to give also, If I may.

MR. SMITH. Proceed.

MR. MATTISON. It would be logical, I think, to give that following any other questions which you might have, but that covers that point, Dr. Smith.

Further along the lines of your questioning, the law as enacted last July—if I am incorrect someone please correct me—did allow for the importation, as well as the distribution, in the United States, of any quinidine which the Government did not choose to buy, or which the Government had not bought previously, and which had not been handled by the Government—that is the RFC.

MR. SMITH. Then the rationing applies only to that which the Government itself purchases?

MR. MATTISON. Or has purchased; yes, sir. If a distributor such as the firm I represent, has secured its present supplies of quinidine

from Government stocks, the rationing applies to all that quinidine. If we have secured some of our stocks from private sources, it does not apply to that.

Mr. SMITH. Who are the large producers of quinidine?

Mr. MATTISON. I could name some of them for you, sir. I think there are others in the room who could perhaps answer that more definitely and completely than I can.

Mr. SMITH. I do not happen to know myself.

Mr. MATTISON. By producers, do you mean an importer?

Mr. SMITH. Yes.

Mr. MATTISON. In the United States there are several importers which I can name, but should I name them, doctor, unless I could name them all?

Mr. SMITH. It is not necessary. What I want to know, more particularly, is where do they get this quinidine which they import?

Mr. MATTISON. It comes from the Dutch East Indies, largely—Java.

Mr. SMITH. Do you mean in the finished product or in the crude?

Mr. MATTISON. I cannot answer that completely.

Mr. SMITH. Does it come in the form of the cinchona bark or in the form of the finished product?

Mr. MATTISON. That is a question that applies to the suppliers of quinidine, and I must say I am not qualified to talk on the subject of supply. Our concern is with distribution. However, I can answer that. That is, I can give you my opinion. Most of the supplies come from the Dutch East Indies, and we understand that very little of the cinchona bark itself is sold to American processors.

Mr. SMITH. Is there any difference in price, between controlled and uncontrolled quinidine?

Mr. MATTISON. I do not know.

Mr. SMITH. It seems to me that is a rather important question.

Mr. MATTISON. I agree with you, sir, it is important.

Mr. SMITH. Could you find out?

Mr. MATTISON. And I regret that I cannot answer that.

Mr. SMITH. Could you find out, within the next day or so, so that we could include that in the record?

Mr. MATTISON. Would you suggest that I find out, sir?

Mr. SMITH. Would you care to answer that question for us, Mr. Fischelis, as to whether there is a difference in price between controlled and uncontrolled quinidine?

Mr. FISCHELIS. I do not know that. I think that is controlled very largely by the current market quotations which you see in the pharmaceutical publications, which give weekly price quotations.

Mr. SMITH. I am talking now of the price to the customer, to the heart patient.

Mr. FISCHELIS. There would be no difference, Dr. Smith.

Mr. SMITH. It would be sold at about the same price?

Mr. FISCHELIS. Yes, sir.

Mr. MONRONEY. There is no price control on the Government supply?

Mr. SMITH. I understand there is a representative from the Department of Commerce who might be able to answer that.

Mr. WHITE. Yes, sir. My name is I. C. White, assistant director of the Office of Materials Distribution of the Department of Commerce.

On that question of price, we understand there is no essential difference between the price of Government quinidine and the price of private quinidine today. We have heard of no difference in price.

Mr. SMITH. But there would be a difference, whether it was sold under prescription or in bottles, say, of 50 or 100, over the counter?

Mr. WHITE. That might be, but I have not heard of that happening yet.

Mr. SMITH. Thank you, Mr. White.

You may proceed, Mr. Mattison.

Mr. MATTISON. Commenting further on your interest, Doctor, I think that the price the patient pays for his drug depends largely upon where he gets it. It depends to a great extent on what pharmacy he buys from. I do not mean to suggest that there would be an individual variance in price. It should be about the same and it very likely would be. That is my opinion, although I am not selling quinidine from that angle.

Mr. SMITH. I was talking about the difference between the price of quinidine as it would come to a heart patient in the form of a prescription, and the price in vials of, say, 50 or 100, over the counter, so to speak?

Mr. MATTISON. Since my firm is not engaged in the sale of it to the public, I could not answer that question. We are engaged in the distribution of quinidine to wholesale druggists only, if possible. In the past years of shortage of quinidine, we have also distributed some directly to retail druggists, because their wholesalers at times were out of it, and they would apply to us for it, and in conformity with the controls as set up—those controls which are now handled by the Department of Commerce—we have distributed some to the retail pharmacists. We distributed none, however, beyond that level. We do not sell to a patient, so I cannot answer that question.

Mr. SMITH. Of course, this matter of cost is rather important because heart patients who take quinidine are usually chronic cases and have to take it over long periods of time—at least that is quite often the case—and they try to save as much money as they possibly can. If they have to buy that by prescription, it is going to cost them more than it would if they bought the quinidine in capsules, in lots of 50 or 100. They know it is being sold that way, and they do not need to bother about going to a prescription druggist, but go to the drug store and buy it over the counter. Now, there is a vast difference in the cost of the quinidine to the patient as to whether it is sold one way or the other. You are recommending now to continue controls, which would put the whole thing back under prescription. Is that not the case?

Mr. MATTISON. That is not included in my recommendation, Doctor.

Mr. SMITH. Would that not necessarily follow?

Mr. MATTISON. If the present controls were continued, as they are, by the Department of Commerce, that would follow. I am not prepared to discuss with you, sir, the advisability of allowing your patients to buy quinidine without the prescription of the physician. That is a matter between you and your medical colleagues and your patients.

Mr. SMITH. But you are recommending continuing these controls, and you are recommending a condition which makes it impossible for these patients to buy this quinidine except by prescription, which is going to cost the patient a great deal more money.

Mr. MATTISON. May I clarify your statement? I mean, suggest an amendment to your suggestion, Doctor. Our firm is not advocating control on quinidine.

Mr. SMITH. I beg your pardon. I thought you were.

Mr. MATTISON. We are advocating a uniform control on all quinidine, if this committee, in further legislation, thinks it is necessary to continue controls on quinidine.

At the outset of my remarks, I attempted to clarify that point, that we do not consider that we are in a position—that is, our firm—to advise you on the matter of supply, available supplies, and the resulting necessity of controlled quinidine. We are confining our suggestions to you to the matter of fair and efficient distribution of that quinidine which is controlled, if it is controlled. We are accepting—

Mr. STRATTON. Will you yield, Doctor?

Mr. SMITH. I yield.

Mr. STRATTON. Do you think that is the responsibility of the Government or of the industry itself, to develop fair and efficient distribution? Do you think the Government has that responsibility in peacetime?

Mr. MATTISON. At the present time, the Government is distributing controlled quinidine. We think that that distribution can be more efficiently accomplished if all quinidine were controlled.

Mr. STRATTON. In other words, do you want it controlled or do you not want to controlled?

Mr. MATTISON. If it is necessary, we want it controlled, sir. If it is not necessary, we will be the first ones to ask you not to allow it to be controlled.

Mr. STRATTON. Do you think it is necessary or not?

Mr. MATTISON. Our firm is not in a position to advise you as to the necessity of quinidine control.

Mr. TALLE. As I understand you, your sole point is this: That you want either no control at all or control over the entire supply, and that you do not want any control whatever if the supply is adequate to meet the demand?

Mr. MATTISON. May I, in answering that, refer to the supplemental statement which Mr. McCoy, Under Secretary of Commerce, presented to you recently?

On the first page of his supplemental statement, he says "Representatives of distributors said that either controls should apply to the entire supply, or that quinidine should be completely decontrolled." This is in answer to your question, sir.

Mr. TALLE. You subscribe to that?

Mr. MATTISON. This is my answer to that, sir. I would say that in endorsing this opinion these representatives were thinking, at the time, of effective distribution, which is quite aside from the primary question of whether or not controls on quinidine are necessary.

This meeting, on January 20, 1948, was attended by distributors, such as ourselves, as well as producers. We are not a producer. Some estimates of anticipated supplies and of demands for quinidine, in 1948, were offered at this meeting, but there was no consensus of opinion on the question of whether controls would longer be necessary.

Mr. TALLE. It would seem, then, to be important for this committee to find out what the supplies are, and what the needs are, and if it is found that the supplies are adequate to meet the needs we should have no control.

Mr. MATTISON. Indeed, sir. To estimate the future demands, however, for quinidine presents a problem made complex by the increasing use of the drug by the medical profession during these last few years, which have been years of scarcity.

They have learned more about its effectiveness, and they are using more of it than they did before it became scarce. That presents a peculiar problem in estimating the future demands of quinidine.

Mr. STRATTON. That would be true with any drug or any commodity, would it not?

Mr. MATTISON. Certainly.

Mr. STRATTON. As you find new uses for it, you cannot expect the Government to come in and take over, whether it is a drug line, or any other commodity, just because you are developing new uses and you think there is going to be a scarcity.

Mr. MATTISON. Only insofar, I would say, sir; as the lack of such a move on the part of the Government were to endanger the health of the citizens of the country. That is just my opinion. If so, I believe the Government has a responsibility there. That is only my opinion.

Does that answer your question, sir?

Mr. STRATTON. Yes.

Mr. MATTISON. We would like to see controls off quinidine as soon as it is desirable to take them off. We do not know whether it is feasible at the present time. If it is not feasible, we would like to see them made complete in order to make equitable the distribution to the heart patients who need it.

Mr. STRATTON. I understand.

Mr. SMITH. At this point, I have a note here from one of the advisers to our committee, Mr. Fink, to the effect that in the first quarter of this year the Reconstruction Finance Corporation bought 25,000 ounces of quinidine. Private sources bought 100,000 ounces of quinidine.

In the second quarter of 1948, Reconstruction Finance Corporation intends to buy all quinidine imports. That means that the RFC has decided to ration all quinidine. If that is the case, there is no particular point in having testimony for putting these controls back on.

Do not misunderstand me. You are perfectly welcome to testify.

Mr. MATTISON. I understand, sir.

Mr. SMITH. But if that is the situation, that virtually sets it aside and the law which we wrote does not mean anything. And it is indicated that the RFC intends to get around the law.

Mr. MATTISON. I am not prepared to discuss with you—

Mr. SMITH. I am not asking you to discuss that. I merely interjected that because I think it is quite important.

Mr. MATTISON. I think so, too, sir, and I think that what I am about to say is to the point: While I do not know the functions of the RFC and the way they operate, it is my impression—and it is a very general one—

Mr. SMITH. Nobody knows their function. They do not even know it themselves.

Mr. MATTISON. If the RFC is responsible for buying quinidine and making it available for essential use, they would hesitate to buy at a given price unless they had reason to believe that they could distribute it without loss within the realm of the RFC. Please, sir, I know

nothing about RFC. I am just talking out of school, now, because I know nothing about RFC.

You referred to the 100,000 ounces of quinidine which is coming to the country through free, private importers. That 100,000 ounces is what I want to say a word about.

The reason that was available to private users, aside from RFC's distribution, was that RFC did not decide to take it up, as I understand it, when it was offered to them.

I further understand that their hesitancy in taking it up at that time was due to the uncertainty of the extent to which controls would be on quinidine. They were faced with a dilemma. They did not know whether to buy it or not. They are now faced with the same dilemma as to whether they should stock up on the drug. They do not know whether or not they will be responsible after that 90-day period during which controls have been continued or not.

We ourselves would like to know. We could govern our buying accordingly and with considerably more wisdom, we believe. And we would like to know as soon as possible.

Mr. STRATTON. Do you personally believe that the supply is so short that it would work a great hardship on patients generally if all Government controls were taken off quinidine?

Mr. MATTISON. With your permission, sir, I would like to stand on my statement originally made: That I do not have an opinion on that point, and I frankly do not. I am very sincere in that. My firm, frankly, has no opinion as to whether there will be enough quinidine, without controls, to meet the needs of our cardiac patients in this country. We are concerned with that point. We are certainly concerned with it, but we do not have an opinion.

Mr. STRATTON. Did your firm experience difficulty in getting adequate supplies for your own usual trade?

Mr. MATTISON. Not being in that department of my firm, I cannot answer that, sir. As far as I know, we have been able to get, through the Government-controlled quinidine, a sufficient amount to meet most of the orders which have come to us. Our stock piles, during the war years—that is, our operating stocks—were critically low much of the time, and we were working from month to month.

I can give you no figures on that because I am not in the Boston office. But I have discussed that with the firm officials and I do know that we had to ask for an additional supply on more than one occasion to meet the needs for the next few days within the month, and the Government was most cooperative in allowing us to buy additional supplies to meet those demands coming up month by month.

Mr. TALLE. Do you buy most of your quinidine from the Government?

Mr. MATTISON. My understanding is that some was bought from the Government during the war, but most of it was bought from private industry under Government supervision.

Mr. TALLE. But you were always able to supply your customers?

Mr. MATTISON. No.

Mr. TALLE. You were not?

Mr. MATTISON. No, we were not. Our sales of quinidine went two ways: (1) To wholesale druggists, of which we have three in Washington, I believe, and (2) under the Government-supervised plan we

were allowed a limited amount—a stated limited amount—each month, in addition to that going to wholesale druggists, to send to the retail druggists.

If they were out of it and could not find it locally they would write to us and send us the proper credentials and we would send them small amounts. The retail druggists throughout the United States were crying to us for quinidine during the war years, for such supplies as those.

During those months—during the most critical period—we exhausted that supply in four or five days, so that for a period of 25 or 27 days in the month we did not have supplies to meet those critical needs coming in to us—those cries, I should say—from retail pharmacists who could not get it from their wholesale pharmacists. Also, we even had calls from physicians who needed quinidine for their patients, and that is far removed from our usual method of operation and distribution.

Mr. STRATTON. Has that situation not been alleviated to a considerable extent?

Mr. MATTISON. I think you are right, sir. I think it has been alleviated. We are still receiving, however, a number of these individual calls from retail pharmacists and are exhausting the supply month by month.

The Government—and by the Government I mean the Department of Commerce—under M-131, a restrictive order, allows us this amount each month to send to the retailers, if they ask for it and if they cannot get it from the wholesaler.

At the present time we are about even on that, but the calls are still coming to us each month for that type of distribution.

Mr. TALLE. There is one point which is a little confusing to me. Some of the supply is controlled and some of it is not.

If customer X goes into a drug store in Washington, D. C., and asks for a supply of controlled quinidine, would he find it there?

Mr. MATTISON. By a "customer" do you mean the retail pharmacist?

Mr. TALLE. Yes.

Mr. MATTISON. He would find it on the shelves of one wholesaler that I know of. I happen to have been there within the last week and saw it on his shelf. He had controlled quinidine on his shelf; yes, sir.

Mr. TALLE. That means that some wholesalers have supplies that are not controlled at all, some wholesalers might have supplies that are controlled altogether, and some wholesalers might have supplies which are controlled in part only; is that the picture?

Mr. MATTISON. That is correct, sir—if I follow you correctly. And, along that line, may I offer this: In Mr. McCoy's supplemental statement, on page 2, he says:

I believe that the primary objection of the distributors to limited control is that those who are forced to obtain material from the Government will be at a disadvantage in comparison with those having private stocks. Under the existing order, those having Government material are required to obtain applications from all their customers. Distributors of private imports can dispense with this paper work.

That statement is entirely true. But in fairness to the complete picture, I think it should be talked about to this extent: These applications that are referred to—Mr. McCoy states that they must send in their applications. That is true. However, these applications are

sent to the supplier—us, in this case—but the process involved is more prolonged than that statement might imply.

One copy of their application is sent to the supplier. That is us. Three copies are sent to the Department of Commerce. Here they are reviewed and processed, and we wait until the Department authorizes shipment of the drug to our customers in the amounts designated by the Department.

Mr. TALLE. Do you get good service on that?

Mr. MATTISON. Pardon?

Mr. TALLE. Do you get good service under that procedure? Or is there considerable delay?

Mr. MATTISON. That is my next statement, sir.

Under M-131, this process requires a minimum of 15 days, and the time is usually 5 to 10 days longer than this, making it usually 20 to 25 days. Often it is 20; it has been 25, and it has been a little longer.

Mr. STRATTON. You and the customer are both waiting all that time?

Mr. MATTISON. Yes; we and our customers are both waiting. That is, our customer is waiting all that time. We must wait 15 days before we can send it.

Mr. STRATTON. And this is the procedure to which you object as being inefficient; is that right?

Mr. MATTISON. I think the rest of the statement will clarify that, sir.

You understand, it takes 15 to 25 days to process this and for us to get it to the customer.

Mr. TALLE. That is a pretty good record. I have waited nearly 6 months to get some steel pipe moved from Yonkers to the Midwest. Fifteen days is not bad. Six months is a long time for cattle to wait for water out there. Maybe a patient can wait 15 days. This surplus pipe is controlled by the War Assets Administration.

Mr. MATTISON. May I say that I think those in charge of making these allocations have done a most creditable job with it. However, this delay is necessary for them to get them processed and handle them all. Meanwhile, private imports may be offered to these customers at any time and in any amount at hand by ourselves or our competitors. Private stocks may be sent immediately upon receipt of orders. The Department of Commerce knows nothing about such private receipts by our customers when they make their allocations. How can they referee distribution equitably in the face of this private commerce, the distribution of which they know nothing of?

Do you follow me, sir? A customer applies for it. While he is waiting for that we ourselves can send him some of the private stock, if we have it, or our customer can go to our competitor and he can do likewise. It does not make sense, we think, to have these controls on some stocks of a vital commodity of that nature while over here you have private stocks running all around and in between, and arriving before the allocated material gets there.

Mr. TALLE. It seems rather confusing, does it not?

Mr. MATTISON. It is most confusing, not only to ourselves but to our customers. I might visit a wholesaler, a wholesale druggist—and that is what I do most of the time; I am a salesman and a drug derailer, Doctor. You are acquainted with such gentlemen, I believe. I call on physicians, retail pharmacists and wholesale pharmacists.

In a recent trip through North Carolina and Virginia I found wholesalers who had some private or free quinidine and some Government quinidine. They said: "This just does not make sense for us to have to apply for some whereas here is some that can be sold immediately. Do you have any free quinidine to offer?" "Well, not at the present time. You will have to get your application in each month. But when we have any to offer we will let you know. Or perhaps we will have some before the allocation is processed."

I believe my point is clear.

Mr. SMITH. Do you not think most physicians would prefer to have it all free?

Mr. MATTISON. If supplies are adequate to meet the demands of their patients, I am sure they would.

Mr. SMITH. I do not think they would even ask that question. They want to buy what they want to buy, like anybody else.

Mr. MATTISON. I cannot answer for the physicians, sir. You perhaps can better than I, you being one, I believe. I did not know it until this hearing got under way, but I believe we gleaned that information this morning—that you are a physician. But we cannot answer that, sir.

I would like to say that further in Mr. McCoy's supplemental statement, on the first page, he states: "With the exception of limited quantities, all the supply prior to February 1, 1948, originated in Government sources, and practically complete control was in effect." That is what you suggest would be in effect again if the Reconstruction Finance Corporation takes up all the quinidine that is offered it.

Mr. SMITH. That is correct.

Mr. MATTISON. "Limited quantities" is very indefinite. That statement is correct because of the indefiniteness of the words "limited quantities." We, for the last 3 months, have seen private, free quinidine on the shelves of retail pharmacists as well as of wholesale pharmacists.

In what quantities it is available throughout the country we are not prepared to say. We ourselves, as far as I know, have been offered limited quantities of it—very limited. But there is plenty of it around that we see, and it is confusing the picture.

I do not mean, by saying that it is plentiful, to suggest that the supply of quinidine is plentiful. Please, I would like that to be clear. We do not voice an opinion because we do not have an opinion on that point. But I see it around, and it is confusing the retailers. They are all asking us questions. "Why should I get this without allocation and then have to go over here and get some that is allocated?" "What can I do with this. Am I bound to dispense this under the allocated procedure?"

Mr. TALLE. Would the retail druggists be able to give us some help on this matter of supply?

Mr. MATTISON. I should think they might. Dr. Fischelis offered you some suggestions from the retailers this morning. I believe he speaks for them and is more capable of speaking for them than I am.

In Mr. McCoy's supplemental statement to you, his last sentence is: "If the authority is extended in its present form we will endeavor to find a way to eliminate this objection."

The objection referred to is the objection to the fact that those having to get material from Government sources will be at a disadvantage compared to those having private stocks. We think the question is more essential than that. Rather than the disadvantage which we or any other distributor might have to operate under, the essential question is: Do we need to control quinidine? We are not offering you any suggestion on that. We invite your inquiry on that because we are vitally interested and we think that the increasing demand for quinidine makes that a complex question for you or anyone else.

That was discussed at this meeting, to which Mr. McCoy referred, on January 20 in his office, of the distributors and producers. And, I repeat, no conclusion was arrived at as late as January 20th of this year—that is, at that meeting.

Hence, the question is yours to decide whether you would like to suggest legislation to have further controls on quinidine. If you do, we ask you to make it complete control and not partial control and eliminate this confused picture under which we are now operating.

Congress can do this now, and the method of doing it is stated in a supplemental statement of my own, which I should like now to read. It is very brief.

This is a supplemental statement of Davies, Rose & Co., Ltd., of Boston, Mass., presented under the same heading as my previous statement.

A correction of the confused situation which now exists, with control over only a portion of quinidine supplies, may be accomplished by including in subsection (C) of subsection (1) of subsection (b) of section 1501 of the Second War Powers Act 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, 80th Cong.), only the words "Cinchona bark and quinidine," and striking out the remainder of this subsection (C) beginning with "when held by any Government agency. * * *" and ending with "* * * materials so acquired."

Mr. SMITH. Thank you very much, Mr. Mattison.

Mr. MATTISON. Thank you, gentlemen.

Mr. SMITH. The committee stands adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 1 p. m., the committee adjourned.)

(Hearings were resumed on this subject, Tuesday, May 18, 1948.)

EXTENSION OF SECOND DECONTROL ACT

TUESDAY, MAY 18, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee convened at 10 a. m., Hon. Jesse P. Wolcott, chairman, presiding.

Present: Messrs. Wolcott, Gamble, Smith, Kunkel, Talle, Sundstrom, McMillen, Kilburn, Cole, Hull, Scott, Banta, Fletcher, Nicholson, Spence, Brown, Patman, Folger, and Buchanan.

The CHAIRMAN. The committee will come to order.

This morning we will take up H. R. 6571 and any related bills which might be before the committee.

This bill considers certain features of the Second Decontrol Act of 1947. This matter has been up before the committee twice this year. Because the subject matter was somewhat new to the committee, we thought we had better take a little more time for study, so we reported out a bill continuing these controls for 30 days. The Senate amended that bill to include a 90-day continuance, and the House accepted the amendment. Under that law, these controls expire on May 31, 1948.

These hearings are for the purpose of considering the advisability of continuing the controls to December 31, 1949, and studying any amendments offered with respect to said controls.

(The bill referred to is as follows:)

[H. R. 6571, 80th Cong., 2d sess.]

A BILL To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 1501 of the Second War Powers Act, 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, Eightieth Congress), and as further amended by the Act of February 28, 1948 (Public Law 427, Eightieth Congress), is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "February 28, 1949". Subsection (b) (1) (C) of such section 1501 is hereby amended by striking out "quinine.". Subsection (c) of such section 1501 is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "February 28, 1949".

The CHAIRMAN. Before we go any further, I understand that it would be satisfactory if controls over quinine were discontinued. Also I understand there is suggested that we add to the products now under controls certain fertilizers.

We have with us this morning Mr. Charles Sawyer, Secretary of Commerce.

We are very happy to have you with us, Mr. Sawyer, and will be happy to have you proceed.

Secretary SAWYER. Mr. Chairman and gentlemen, if I may, I will read my statement, and then, in answer to specific questions with which I may not be familiar, I will ask the privilege to call upon technicians from the Department of Commerce who are prepared to testify.

The CHAIRMAN. Very well, Mr. Sawyer.

**STATEMENT OF CHARLES SAWYER, SECRETARY OF COMMERCE,
ACCOMPANIED BY H. B. MCCOY, DIRECTOR OF THE OFFICE OF
DOMESTIC COMMERCE; AND MATTHEW HALE, SOLICITOR'S
OFFICE**

Secretary SAWYER. I wish at the outset to express my appreciation of the committee's courtesy in setting aside time for this hearing on the Second Decontrol Act. I realize that you have many other matters under consideration and that your time is limited.

I have been informed that at the hearings held by this committee in February, Mr. Foster and Mr. McCoy testified at length concerning the powers we are now discussing. I understand also that copies of the third quarterly report and of Mr. McCoy's earlier testimony have been distributed to you over the week end.

You have, therefore, a great deal of information, which makes it unnecessary for me to go into detail. Consequently, I shall set forth very briefly my position with respect to the several powers which expire on May 31 under Public Law 427. These powers are:

First, broad allocation and priorities powers over tin and tin products, over antimony, and over quinine, quinidine, and cinchona bark held by the Government or derived from Government stocks.

Second, power to control imports of fats and oils, rice and rice products, and nitrogenous fertilizer materials.

Third, power to assist the export of nitrogenous fertilizer materials, to assist the export of materials needed to increase the production abroad of materials critically needed in the United States, and to assist the export of materials where the Secretary of State certifies that prompt shipment is of high public importance and essential to our foreign policy.

The power to restrict or control exports under the Export Control Act of July 2, 1940, is not involved, as that was extended by Public Law 395. The power to allocate the use of transportation equipment was also extended by that law and is not involved here. I understand, however, that technical questions have been raised as to the effect of Public Law 427 on that extension which should be clarified.

The Department of Agriculture is primarily interested in the import controls over fats and oils and rice and rice products, and has already testified before this committee. I shall, therefore, not discuss this problem.

The problem in tin results from the devastation caused during the war to the main producing areas in the Far East. These have not yet reached prewar rates of production. The need for tin is great—for food preservation in the form of tin cans; for industrial production in the form of brass, bronze, and babbitt; for construction and production in the form of solder; and for innumerable other chemical, industrial, and medicinal uses.

Our present estimates indicate that unrestricted industrial demand in the United States would amount to 113,000 tons of primary and secondary tin in 1948, without taking into consideration the requirements of the Munitions Board strategic stock pile. Our present estimate of the United States primary and secondary tin supply in 1948 is just below 88,000 tons. In order to make sure that the most essential requirements are filled, in order to prevent an unrestrained scramble for the insufficient supplies, with resulting maldistribution and increased prices, and in order to make it possible to build up the strategic stock pile, I recommend continuance of our present authority.

The International Tin Study Group, a United Nations affiliate, has just released its estimates of world production and industrial requirements. These estimates show that world production has not been keeping pace with the advance estimates which were made last October. As a result, balance between supply and industrial requirements will not be attained until mid-1950. Previously balance by mid-1949 had been expected. It should also be noted that the addition of strategic stock-piling requirements will make the deficits more pronounced and further delay in reaching a balance.

The continued shortage of antimony in the United States stems primarily from the virtual cessation of production in China, which before the war was the world's principal supplier of this commodity. In the 1935-39 period, world production averaged about 35,000 tons a year, which China accounting for almost half the total. World production of antimony in 1947 was probably not above 30,000 tons, and shipments from China out of new production were a fraction of the prewar level.

The United States has never been an important producer of antimony. Peak mine production before the war was about 1,000 tons in 1937. Even during the war years, when mining of antimony ore was subsidized by the Government, annual production never exceeded 4,000 tons.

In addition to the developments in the supply picture, industrial demand for antimony has increased, thereby accentuating the critical outlook. Furthermore the demand for strategic stock-pile requirements will delay the attainment of a balance.

In view of the supply-requirements situation, I recommend that the present authority be extended.

The problem in cinchona bark and quinidine arises from the fact that increasing medical knowledge of the use and effects of quinidine for treatment of certain cardiac disorders have increased the demand out of all proportions to the increase in the supply. Although allocations are strictly limited to the most essential use in cardiac therapy, and no controlled quinidine is permitted for industrial use of chill tonics, supply in 1948 will not equal essential demand. Supply has increased substantially this year and is, in fact, greater than prewar.

Allocations have been steadily increased until they are now some 50 percent of requests. But production under present technical conditions appears to be approaching its limit. Unless supply can be increased further, the prospect subsequent to 1948 is for an increasing deficit.

There are several possibilities which might result in increasing the supply of quinidine so that the present and anticipated demands could be met. For example, development of synthetic quinidine by extrac-

tion from quinine, which is a more expensive process than extraction direct from the bark, or development of increased supplies of natural quinidine through the assistance being offered to the Netherlands under the European Recovery Program. While we have hopes of achieving the desired result through these means, it seems clear that neither promises immediate results.

We are, therefore, faced with two alternatives:

1. The Government might take no action to control the situation, and might permit the existing and future supplies of quinidine to seek the highest bidder.

2. Continue the present allocations, with Reconstruction Finance Corporation purchase program of the natural quinidine and Reconstruction Finance Corporation purchases of synthetic quinidine, until the possibility of increasing the supply through synthetic production and under the European Recovery Program have been developed, and until the most convenient method of transferring the distribution problems to private industry can be worked out.

The Department of Commerce is in favor of the second alternative. Our reason for this stand is that we do not feel that in matters of public health the Government can afford to take the risks which would be involved in an abrupt dropping of controls without a transition period. So long as supply is inadequate, the Public Health Service feels that termination of controls over quinidine might have serious consequences on the health of many persons suffering from cardiac disorders.

If the Congress decides the continue controls over quinidine and cinchona bark, the Department of Commerce will explore every means of improving the supply of quinidine to the point where abandonment of controls will be possible.

Controls over quinine are no longer being exercised and the authority to exercise them is no longer necessary.

The power to assist exports of nitrogenous fertilizer materials is most important to our participation in the International Emergency Food Committee of the Food and Agricultural Organization of the United Nations. Without these powers, our ability to live up to our commitments, made through the Secretary of Agriculture, would be doubtful, if not impossible.

Disruption of the international allocations would be likely to result in increased calls on us for foods and might well change the pattern of our imports, chiefly from Chile and Canada, with consequent adverse effects on the distribution of the imported fertilizers.

The fertilizer situation is one which requires constant study, particularly the possibility of using some of the military production to take care of the export program or to supply American farmers. This is not an easy problem, as the administration of occupied territories is difficult and most important. At the same time, consideration must also be given to domestic needs.

One problem has arisen in connection with the administration of the fertilizer program, which the Congress could assist us to solve if the powers are extended to cover the 1948-49 fertilizer program. Under the present law it is not clear that we can use our powers to channel raw material to producers of the kinds of fertilizers needed for the export program. As a result the burden of the export program rests disproportionately on the producers and users of the kinds of fertilizers which are required for export. If it were clear that we were

empowered to channel anhydrous ammonia and other nitrogenous compounds to producers of the kinds of fertilizers needed for export, we feel that the export program could be met more readily and with less impact on the American farmer. Accordingly, we recommend that the clarification embodied in the Norblad bill—H. R. 6508—should be adopted.

The fertilizer year, on which the export and import programs are based, runs from July 1 to June 30. In addition, the tin plate programs run on a quarterly basis, both for the convenience of industry and Government. This raises a question as to the desirability of having these powers terminate in the middle of a quarter or fertilizer year. I recommend that the controls be extended to June 30, 1949, as is provided in S. 1807. As to any controls which should be extended beyond that date, Congress will have an opportunity to consider them in the next session. Controls which are no longer necessary will be dropped at the earliest possible date, regardless of the date to which the powers were extended.

Export priorities have been used, though sparingly, to increase the production abroad of materials critically needed here. In view of the increased emphasis which is being placed on stock-piling critical and strategic materials, it seems clear that these powers may have increased importance, even though they would be used as sparingly as possible and strictly within the criteria established by the Congress.

Export priorities have also been used in one case to assist the export of materials required to carry out our foreign policy under certification by the Secretary of State. This was a limited quantity, some 4,000 tons, of steel for Greece. The existence of these powers also made it possible for the Commerce Department to arrange informally for exports of limited quantities of steel to Greece and Iceland.

In the light of the foreign-aid programs, continuance of this power for the purpose of breaking bottlenecks seems especially important. If extended, the power will be used sparingly, and in accordance with the criteria established by the Congress. They will not be used where the proposed export will have an unduly adverse effect on the domestic economy of the United States.

I recommend that these export priorities powers be extended.

In conclusion, I would like to point out the importance of the powers we are now discussing to the world food situation and to world recovery generally. Tin, fertilizers, fats and oils, and rice are all closely related to cooperative international efforts to solve the present food problems, as a part of the efforts the world is making toward recovery. Continuance of these efforts will, I expect and believe, bring about conditions under which use of these powers will no longer be necessary.

The CHAIRMAN. Thank you, Mr. Secretary.

Are there questions of the secretary?

Mr. BROWN. Mr. Chairman.

The CHAIRMAN. Mr. Brown.

Mr. BROWN. What effect would the Norblad bill have? If that bill were passed, how would that aid us in obtaining more nitrogen?

Secretary SAWYER. May I ask Mr. Wilson T. Hart, our fertilizer expert, to answer that question?

Mr. BROWN. Surely.

Mr. HART. The bill, as now written, permits us to use for export only those materials which are recognized as fertilizer materials. The

Norblad amendment would permit the tapping of anhydrous ammonia, a material which is not exportable because we cannot find the tanks in which to export the material.

Mr. SMITH. Will you repeat that? We could not hear you on account of the bell.

Mr. HART. Yes, sir. The bill, which is now law, permits us to export materials which are in crystal or dry form. Anhydrous ammonia, one of the chief sources of nitrogen, is not exportable because we have not the tanks with which to export it. However, the material can readily be converted to exportable material, by the introduction of sulfuric acid, and by being made into sulfate of ammonia, which is exportable material.

The Norblad bill would give us the right to tap that source of material and convert it to sulfate of ammonia, which is exportable.

Mr. BROWN. Would that give us more tonnage of fertilizer for use in America?

Mr. HART. It would, Mr. Brown. As a matter of fact, right now our shortage is largely a shortage of solid nitrogenous materials.

Mr. BROWN. Suppose we did not extend these controls, what effect would that have on our chances of securing more nitrogen from Chile and Canada?

Mr. HART. Mr. Brown, in my opinion, we would have the most chaotic condition in this country that you have ever seen. We would probably have a very large import of Chilean material and Canadian material, but, by the same token, you would find one of the greatest export programs, one bidding against the other, running the prices up, which would mean that our domestic price would likewise rise, and we would have simply a chaotic condition in the nitrogen field today. That is my opinion, sir.

Mr. BROWN. What portion of this material do we obtain from Chile and from Canada?

Mr. HART. We get roughly 102,000 tons of nitrogen from Chile. That, converted, would mean about 500,000 or 600,000 tons of material from Chile.

Mr. BROWN. What is the consumption in the United States?

Mr. HART. The consumption in the United States is estimated to be around 900,000 tons this year.

Mr. BROWN. I see this bill would end controls in February. That is in the middle of the fertilizing season in my section of the country.

Mr. HART. No, sir; it would not, Mr. Brown. As a matter of fact, if controls ended February 28, I will tell you exactly what would happen. Every manufacturer would drag his heels, so to speak, waiting for the time to pass, so he would not have to export. No one wants to export at this time. So that the impact, during February and March, when we would have to get the material out, would create an impossible situation. In other words, the farmers of this country would feel an impact during March as they have never felt before. We had the same thing occurring this year and you gentlemen of the Congress got a great many protests from farmers stating that the Department of Commerce was moving all of the production for export. The answer was that they simply did not ship it throughout the year and left it all for the last minute. If they do the same thing again, and wait until February, that is just when we need it most for domestic consumption. So I certainly hope that the com-

mittee can see its way clear to extend these controls to June 30, 1949, rather than February 28, 1949.

Mr. BROWN. That is all, Mr. Chairman.

Mr. SMITH. Mr. Chairman.

The CHAIRMAN. Dr. Smith.

Mr. SMITH. What is the fertilizer situation in the United States with respect to meeting our demand?

Mr. HART. We are short, sir. We are still short.

Mr. SMITH. Will this bill increase the amount of fertilizer available for the farmers of the United States, or will it decrease it?

Mr. HART. My judgment is that it would increase it.

Mr. SMITH. I beg your pardon?

Mr. HART. It would increase it, for the simple reason that through the allocation, the International Emergency Food Committee, or the United Nations Food and Agriculture Organization, we are now getting about 187,000 tons of nitrogen. We are allocated that by the International Emergency Food Committee. In return, they ask us to export approximately 61,000. So you see we are getting in 3 tons for every one we export. So obviously we are ahead of the game.

Mr. SMITH. Would we not get those imports without this international organization?

Mr. HART. You say would we get them?

Mr. SMITH. Could we not get them?

Mr. HART. If we are going to withdraw from the United Nations, we may, yes.

Mr. SMITH. Pardon me?

Mr. HART. If we are going to withdraw from the International Emergency Food Committee, we might; yes.

Mr. SMITH. Do you mean to say that because of the existence of this international organization we can get more fertilizer to the farmers of the United States than if it did not exist? Is that what you are saying?

Mr. HART. Frankly, I think we are, yes; and I will tell you why I feel that we are: there is a decided world-wide need for nitrogen. We all recognize that fact. There is a deficit of 900,000 to a million tons, world-wide. If there were no controls, Mr. Congressman, what would happen would be this: every broker in the United States would start to bid against the other brokers to get those nitrogenous materials for export. The result is obvious. If you and I wanted to export to France, as an illustration, and I bid \$30 for a piece of goods, and you say, "I bid \$35," it will go on up and your domestic market will follow right behind it and, as a result, the farmers of the country will be paying \$100 to \$125 a ton—and I saw that during the last war—

Mr. BROWN. Doctor, will you yield to me there?

Mr. SMITH. Yes.

Mr. BROWN. Do we export any of this fertilizer material which we received from Chile and Canada?

Mr. HART. No, sir; not a pound.

Mr. SMITH. What currency is more in demand in the world today than the dollar?

Mr. HART. I do not think there is any, sir. I think the United States dollar is the dominating currency in the world today.

Mr. SMITH. Then, what you are telling the committee is that there are other currencies that can bid against our dollar and get fertilizer.

Mr. HART. No; I am afraid you misunderstood me there. I am talking about the American dollar, and the American broker.

Mr. SMITH. You are saying, though, in effect, that foreigners can outbid us in this matter of fertilizer.

Mr. HART. I think they could domestically, and use it for exports.

Mr. SMITH. If they use it for export, they have still got to get more money than they pay for it.

Mr. HART. Not necessarily. They could work it on a commodity basis. I happen to know one country that is doing that very thing, shipping materials to this country in payment for fertilizers.

Mr. SMITH. Well, after all, commodities are convertible into dollars or currency of some kind. What you are saying to this committee this morning, as I interpret you—and in my opinion your statement cannot be interpreted in any other way—is that other currencies, currencies of other countries, are able to compete with the dollar for fertilizer, whether it be domestically, or in Chile or anywhere else.

Mr. HART. If I have given you that impression, sir; I have given you an erroneous impression. I do not believe that situation exists.

Mr. SMITH. It is not a question of giving that impression. That is what you are saying here.

Mr. HART. Well, possibly I am. If I did, why, I made a mistake. Just what point is it that I made a mistake on in your mind? The point I am trying to get to you is that they need the imports and we need the exports.

Mr. SMITH. Chile produces certain ingredients which go into the production of fertilizer; is that true?

Mr. HART. Yes, sir.

Mr. SMITH. She is one of the principal producers; is that not true?

Mr. HART. That is correct.

Mr. SMITH. The world is bidding for those products; is that not true?

Mr. HART. No, sir; they are not bidding for those products. They are allocated by the International Emergency Food Committee.

Mr. SMITH. Wait a minute. We are assuming that there is no allocation. I want to know what this allocation is going to do to the farmer in the United States. I want to know whether it is going to give him more fertilizer than he would get if we did not have these allocations.

Mr. HART. In my opinion he is going to get more in the United States as a result of the allocation system.

Mr. SMITH. You are telling this committee that you think so. I am asking you why that should be the case, since the United States has the buying power to bid against any country in the world with respect to fertilizers.

Mr. HART. You have a world shortage. Do you want to participate, and do you want to help alleviate this world shortage or do you want to be independent and disregard the world's need? If we do, we have got to go into the allocation system. If we do not, then, it is a question of disregarding it and fertilizer will come into the United States.

Mr. SMITH. Then, sir; put your proposition on that basis, and not

on the basis that you are adding to the amount of fertilizer that the farmer of the United States will get. Put it on the basis of distribution, world distribution, getting fertilizer to people who probably would not get it otherwise.

Mr. HART. That point was brought up by Mr. Sawyer in his testimony, sir. I thought it was understood.

Mr. SMITH. But you made the statement that we were going to get more fertilizer than we would otherwise.

Mr. HART. Under the allocation system, yes.

Mr. SMITH. Certainly under the allocation system. But I said without the allocation system. In other words, is it a good position for the United States to be in to allow this so-called allocation system to tell us how much fertilizer our farmers shall have, and deny the possibility of our farmers getting what fertilizer they need? That is the question.

Mr. HART. That is a question for the Congress to decide, sir. Certainly my individual opinion is not going to influence Congress one way or the other. I believe in the International Emergency Food Committee allocation system.

Mr. BROWN. May I ask a question?

Mr. SMITH. I yield.

Mr. BROWN. May I ask where will the material considered in the Norblad bill come from?

Mr. HART. It will come from several States, Mr. Brown; it will come from Ohio, Louisiana, and Texas, principally. A little from Kansas.

Mr. BROWN. Arkansas?

Mr. HART. Some from Arkansas.

Mr. BROWN. Oregon?

Mr. HART. No, there is no manufacture out in Oregon. They have a conversion out there, Mr. Brown, through which they take the anhydrous ammonia and convert it to a solid material.

Mr. BROWN. I see. We had testimony here before by some other witnesses that the American farmer was receiving only about 70 percent of the amount of fertilizer he needed, compared with the German farmer, who was receiving about 80 percent. Some witnesses testified before, according to my recollection, that they thought the Ordnance Department could supply the fertilizer needed for export other than for occupied areas; and that we could use our industry production here. I would like to hear your comment on this.

Mr. HART. That testimony was given by my good friend, Mr. Abernethy, before this committee—a gentleman for whom I have the deepest respect. I think the figure that he used as the domestic consumption and domestic needs was 1,160,000 tons. Predicated on that figure, sir, we the American farmer, would be getting less than the German farmer. However, using the realistic figure of 900,000 tons for our needs, we would have in excess of the amount which the German farmer would be getting. So you see it is a matter of the starting figure. If we adjust our needs high enough, we could show that we were only getting 25 percent, or 10 percent. It depends upon how high you go on your domestic requirements figure.

Mr. BROWN. The War Department could not supply all export needs?

Mr. HART. I do not think so, sir; if you want to take care of the occupied areas, I am still hopeful that some way, somehow, facilities

may be increased to the point to where we could probably ask Ordnance to contribute toward our program. But we cannot do that and have the occupied areas suffer. You see, Mr. Brown, we are in a peculiar position. The United Kingdom and ourselves are about the only ones who are contributing any fertilizer to the occupied areas. Korean, South Korean, and Japanese requirements are taken care of entirely by United States Ordnance, and their needs are high.

Mr. BROWN. Some of the ordnance plants are not manufacturing fertilizer, are they?

Mr. HART. All of the facilities which are now available are being operated; yes, sir. There are only three anhydrous ammonia plants operated by the Army. They are the only three they have left. The rest of them have either been leased or sold. Those three plants, the Army tells us, are going at top speed. And the material derived from those is going to the occupied areas and to the conversion to ammonium nitrate.

Mr. BROWN. Thank you.

Mr. SPENCE. Mr. Chairman.

The CHAIRMAN. Mr. Spence.

Mr. SPENCE. What are our normal requirements of tin in the United States?

Mr. HART. Tin?

Mr. SPENCE. Yes.

Mr. McCoy. We estimate the unrestricted demand today to be about 113,000 tons, against a possible supply of about 88,000 tons.

Mr. SPENCE. Is any tin mined in the United States?

Mr. McCoy. No, sir; none whatever.

Mr. SPENCE. Has any tin ever been mined in the United States?

Mr. McCoy. I do not believe so.

Mr. SPENCE. That is, for industrial purposes.

Mr. McCoy. I will ask Mr. Hayes if he has any knowledge of that.

STATEMENT OF F. H. HAYES, CHIEF, NONFERROUS METALS DIVISION, OFFICE OF DOMESTIC COMMERCE

Mr. HAYES. In previous years, before the war, there were a few hundred tons per year mined from properties in the United States. There has never been any large commercial deposit mined in the United States.

Mr. SPENCE. I think during the McKinley administration there was a high-protective tariff placed on the importation of tin or tin plate. Do you remember the history of that protective tariff?

Mr. HAYES. No, sir; I do not. I do not know whether Mr. Erwin Vogelsang, chief of our tin section, has any information on that.

Mr. VOGELSAND. There is no tariff on tin. There is a provision in the Tariff Act of 1930 that goes further back than that, that a tariff can be put on tin at any time that the mines in the United States produce as much as 1,500 tons of tin. But it has never been put in effect because we have never produced that much.

Mr. SPENCE. I am not speaking of the tariff of 1930. I think it was the McKinley administration which placed a very high protective tariff on tin or tin plate.

Mr. VOGELSAND. I think that is the same tariff, sir.

Mr. HULL. Was that in 1890?

Mr. SPENCE. It was about that time.

Mr. VOGELSAND. That was on tin plate, I believe, Mr. Congressman. I do not think there was ever a tariff on pig tin.

Mr. SPENCE. I think that tariff was for protection and intended for protection. The infant industry it was intended to protect has not yet materialized.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. This committee held rather extended hearings on tin last winter and made a rather searching analysis of the situation. I should like to call your attention to page 3 of your statement, Mr. Sawyer, line 10:

Estimates show that world production has not been keeping pace with the advance estimates which were made last October.

Will you point out the reasons why actual production is falling short of estimates made last October?

Secretary SAWYER. May I ask someone else to answer your question?

Mr. TALLE. That is quite all right.

Secretary SAWYER. Mr. Hayes.

Mr. HAYES. The estimates of last October were to the effect that there would be a balance between supply and demand by mid-1949. The delay in attaining that increase is due to slower rehabilitation in the Far East—in Malaya, in the Netherlands East Indies, in Siam, in French Indochina, and Burma. That increase in production has not been as great as anticipated, because the equipment has not been rehabilitated as fast, the new tin dredges which got over there have not yet had a chance to accumulate the greater production that was anticipated.

Mr. TALLE. What are the reasons for the disappointment as to the activity out there? What is the difficulty? Why do they not push along, on a matter so important as this?

Mr. HAYES. Well, I believe they are, Mr. Congressman. I believe they are attempting to increase that production as fast as possible, but it apparently is not possible to get that increase as fast as was anticipated by the people who operate there.

Mr. TALLE. Who are the people who are operating?

Mr. HAYES. Well, the British and the Dutch.

Mr. TALLE. Will you review the facts about the 45 percent ad valorem tax which applies to Malayan ores?

Mr. HAYES. The statement on that was that a 45 percent ad valorem tax would be applied unless there was no subsidy on tin production by our smelter in the United States.

Mr. TALLE. Our only smelter—in fact, the only smelter in the Western Hemisphere—is at Texas City, is it not?

Mr. HAYES. Yes, sir.

Mr. TALLE. And that is subsidized, is it not?

Mr. HAYES. Yes, sir.

Mr. TALLE. And because it is subsidized by our Government, we cannot buy the Malayan ore unless we pay a 45 percent ad valorem tax; is that right?

Mr. HAYES. Yes, sir; that is correct.

Mr. TALLE. That does not help our tin situation here, does it?

Mr. HAYES. No, sir; I do not believe it does.

Mr. TALLE. So we must turn to the Bolivian ores, which are very difficult to refine?

Mr. HAYES. It should be understood that we are also purchasing concentrates from the Far East.

Mr. TALLE. It occurs to me that we are making progress backwards.

Mr. HAYES. No, sir; I do not believe we are. We are improving, but the schedule has been postponed for approximately one year, before such time as we will be in balance under the present estimates.

Mr. TALLE. I am still not clear as to why we are not progressing better in the areas where the really good ores are—that is, in Malaya, is it not?

Mr. HAYES. Yes, sir; Malaya and the Netherlands East Indies.

Mr. TALLE. What could we do to stimulate whoever is responsible for doing the work out there to carry on a little faster?

Mr. HAYES. We have offered to give any help which we can in the matter of furnishing supplies, in order to speed up that work. As a matter of fact, two dredges were built in the United States to aid in production out there. Those dredges are now there and operating.

Mr. TALLE. Does it not seem rather anomalous to have a tax of that nature imposed for the reason that we subsidize a smelter in Texas City, when the British are taking over entire industries and having them run by the Government? It just does not make sense to me. Of course, I do not hold you responsible for that situation, sir, but it is a little shocking—it must be to those who believe in brotherly love—to find such a situation existing.

That is all.

Mr. SUNDSTROM. Mr. Chairman.

The CHAIRMAN. Mr. Sundstrom.

Mr. SUNDSTROM. Could you explain under the allocation program the refusal to grant a sufficient amount of tin to certain industry to make a sufficient amount of steel wire?

Mr. HAYES. I believe Mr. Vogelsang should answer that question. The matter is being discussed now and he is familiar with the details on it.

Mr. VOGELSANG. Gentlemen, unfortunately under any kind of controls there are certain inequities which occur in certain industries. We have endeavored to give all industry something in the way of tin, which have used tin heretofore. The pattern of industry during the war is entirely changed from what it was prior to the war. We are now going through this control of tin since December 17, 1941, and followed the pattern along during the war and back into civilian production. During that time there were a great many substitutes developed for tin. I am quite frank to say that a lot of those substitutes, while satisfactory to a certain degree, are not as satisfactory as if there was a free use of tin. But they are satisfactory in those industries where there have been substitutes developed, and we try to keep down the amount of tin which goes into those particular industries, where we do not think they are harmed over-all in their entire business. We have substitutes which are suitable but not as desirable as tin itself, of course.

Mr. SUNDSTROM. Do I gather from your statement that your opinion in regard to this is changing?

Mr. VOGELSANG. What is that?

Mr. SUNDSTROM. From what it was the last time you testified before the committee?

Mr. VOGELSANG. No; I do not think so.

Mr. SUNDSTROM. In other words, these wire people cannot expect any relief at all, over what they are getting at the moment?

Mr. VOGELSANG. I would not say that. We have given relief for certain products where tin is an absolute essential. But we have not given tin for any or all uses where there are substitutes which seem to be fairly satisfactory.

Mr. SUNDSTROM. I believe the last time we had this bill up the question was what engineer decided it was a necessity or not, whether we should take the opinion of engineers who had been in industry for a great many years or whether we should take the opinion of experts from the Department of Commerce.

Mr. VOGELSANG. We take industry's opinion. They come in and argue those things with us. They send their experts down here for that purpose.

Mr. SPENCE. What is the production of the Texas City smelter?

Mr. VOGELSANG. At the present time it is running at the rate of around 30,000 to 32,000 tons.

Mr. SPENCE. What other industries, what other private industries are producing tin in the United States?

Mr. VOGELSANG. There are two companies, the Vulcan Detinning Co. and the Metal Thermite Co., which are producing tin from tinplate scrap. Their production amounts to around 2,000 tons a year at this time.

Mr. SPENCE. And that is all that is produced in the United States?

Mr. VOGELSANG. That is right.

The CHAIRMAN. That 2,000 tons to which you referred is produced in a reprocessing activity?

Mr. VOGELSANG. That is right.

The CHAIRMAN. They do not produce any tin?

Mr. VOGELSANG. They produce pig tin. There is a great deal of secondary tin otherwise, in addition to primary tin.

The CHAIRMAN. And pig tin is produced from scrap, also?

Mr. VOGELSANG. That is right.

The CHAIRMAN. Mr. Sundstrom mentioned one of the problems which we had before us in the previous hearings. The other, I think, had to do with the ceramic industry. The wire people and the ceramic people claimed they had been discriminated against.

Mr. VOGELSANG. Yes.

The CHAIRMAN. At that time we had before us amendments to correct that situation. What about the ceramic industry? Have they been given any relief?

Mr. VOGELSANG. A certain amount of relief has been given in the way of a greater amount of tin oxide.

The CHAIRMAN. Did you say a greater amount?

Mr. VOGELSANG. A slightly greater amount, yes, sir.

The CHAIRMAN. Are there further questions?

Mr. SPENCE. How much tin does the ceramic industry use?

Mr. VOGELSANG. They get 20 tons a month.

The CHAIRMAN. What are their needs? What do they claim they need?

Mr. VOGELSANG. I could not say at the moment. The demand is very great. We get astronomical figures as to what they might use. I do not know how much they actually would use.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. I will ask you what I asked you last fall. Are you permitting the use of tin now for making shelves for refrigerators?

Mr. VOGELSANG. No, sir.

Mr. TALLE. They are still on the verboten list?

Mr. VOGELSANG. Yes, sir.

Mr. SMITH. Mr. Chairman.

The CHAIRMAN. Dr. Smith.

Mr. SMITH. How does this affect wire used for fencing?

Mr. VOGELSANG. That would not be permitted. It never was used for fencing.

Mr. SMITH. It never was used for fencing?

Mr. VOGELSANG. I would not think so. It is generally galvanized wire—zinc.

Mr. SMITH. Certain companies are complaining that you are discriminating against them, companies which have been using tin for a great many years. They state they are now not able to get it.

Mr. VOGELSANG. In what form was that?

Mr. SMITH. I do not know that I care to mention the company's name.

Mr. VOGELSANG. What is the product?

Mr. SMITH. Tin wire.

Mr. VOGELSANG. Well, as I say, perhaps you can call it a discrimination if you like, but the thing is that we find that there are substitutes which can be used for most of those uses, which are perhaps not as satisfactory as tin would be, but which can be used.

Mr. SMITH. They complain that tin is going into beer cans and that they are being denied the use of tin for what they believe to be a more essential use. I am not taking that position. I am just making the inquiry.

Mr. VOGELSANG. It so happens that a lot of beer cans are being made, under the act, but the amount of tin which is used for making tin plate is restricted to a certain tonnage. The main part of tin plate use is, of course, for the packaging of food, what is left over goes into the things that are permitted, and among them are beer cans.

Mr. SMITH. Just one more question regarding quinidine. What is the supply situation respecting quinidine at the present time, compared with what it was when this act was extended a couple of months ago?

Mr. MCCOY. May I ask Mr. Irving White to answer that question?

Mr. WHITE. Compared with a couple of months ago, you say?

Mr. SMITH. When we passed the bill, about 3 months ago, extending these controls.

Mr. WHITE. The estimate at that time was for the current calendar year—1948. That is all we are talking about now. We cannot see beyond that anything specific, so I would say the figures are the same.

Mr. SMITH. There has been no change?

Mr. WHITE. There has been no change.

Mr. BUCHANAN. In testimony offered by the president of Continental Can Co. before the Senate committee, he makes the following statement, and I would like to have somebody from the Department comment on this:

The release of all controls over tin at this time should cause no confusion in tin-using industries. Tin has been in substantially adequate supply for several months. While the removal of all controls might result in some slight flurry of readjustment, there is no indication that any fundamental changes in the use of tin will follow the termination of controls. The supplies of tin available in the United States should be 20 to 25 percent higher than the 1947 consumption, and in these circumstances, we believe that distribution use controls over tin should be dropped.

Mr. McCoy. That was their proposal, that tin supply available to the United States was adequate to meet our needs. Our own estimates do not bear that out. We estimated, for 1948—and this is on page 76 of the recent third quarterly report on the Second Decontrol Act—we estimate that our total new supply will be 87,000 tons in 1948 as against the 1947 available of 89,200 tons. We foresee an even smaller amount this year than we had last year, primarily due to the fact that we had some windfall amounts last year, in 1947, captured enemy stocks, which do not appear on the scene now.

It is true that the estimates on total world primary tin production indicate an increase from about 114,000 long tons in 1947 to 150,000 tons in 1948. However, world consumption is also rising, and we have to consider that, with regard to the amount of tin that is available to the United States, the consumption of other countries is also rising, and we do not believe that we will reach balance, where supply is equal to the unrestricted demand, until mid-1949 or later.

If controls were taken off, there again rises the question as to whether we would be able to get our fair share of the tin produced, as we do now under the international allocation system. All the members of that group submit their requirements for discussion, their total unrestricted requirements, and, on the basis of those unrestricted requirements, a fair division of the available supply is made. By that system we believe that the United States gets its fair share of the amount of tin.

If controls were taken off here, there would be a scramble for tin in the world's markets and the price would undoubtedly go up. Without any control here, those who had the money to pay for it would get it for the specified uses to which they wanted to put it. There would not be the equitable distribution, we think, that we have now through a system of allocations.

Mr. BUCHANAN. Thank you, Mr. McCoy. I wanted your position stated for the record.

Mr. NICHOLSON. Mr. Chairman.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. Does England get more tin than it did before 1941? Do they import more tin?

Mr. McCoy. I could not answer that question specifically. I will ask Mr. Vogelsang to answer that.

Mr. VOGELSANG. Great Britain is one of the producing countries of tin, and naturally they import tin, they make it over there. But they are exporters on balance. In other words, they are one of the countries

who have exportable surpluses which are divided amongst the various countries of the world.

Mr. McCoy. I suppose your question is directed to the consumption of tin.

Mr. NICHOLSON. My question is, Do they import more tin now than they did before 1941?

Mr. VOGELSANG. No.

Mr. NICHOLSON. They do not import as much?

Mr. VOGELSANG. No.

Mr. NICHOLSON. Do we send any tin from this country to any other country?

Mr. VOGELSANG. Very little. I think it does not amount to anything. Very small amounts are allowed to go out of here through a quota which we have in the Office of International Trade. It only goes in small pound quantities, mostly to South American countries, to help out an over-all program, and most of it goes to definite programs, such as mining companies owned by Americans, or sugar plantations, or things of that kind. But we certainly are not exporters of tin as such.

Mr. KUNKEL. You are speaking of the British Empire as exporters of tin. The United Kingdom, of course, is an importer.

Mr. VOGELSANG. Yes; they import the ore. They produce a little in Cornwall, but very little. They import the ores, make tin out of it and reexport the tin from there, and from Malaya, where they do the smelting of all the ores, in Malaya.

Mr. KUNKEL. What is the smelting capacity in Malaya? Do you know?

Mr. VOGELSANG. That is more than enough for anything they can produce down there.

Mr. KUNKEL. They can smelt it all right in Malaya?

Mr. VOGELSANG. That is right.

Mr. SPENCE. How are these supplies of tin allocated? Is there not some process by which they are allocated to the various countries? Is there not a commission of some kind which has the power to allocate these materials?

Mr. VOGELSANG. How we allocate it to the different users?

Mr. SPENCE. Yes.

Mr. VOGELSANG. It is done by means of a questionnaire which goes to all users every month, in which they estimate their stocks, how much tin they require, and then on the basis of their answers the tin is allocated to them.

The CHAIRMAN. You are speaking now of the domestic allocation?

Mr. VOGELSANG. Yes.

The CHAIRMAN. Mr. Spence, I think, has in mind whether there is an allocation to the United States.

Mr. VOGELSANG. To the United States?

The CHAIRMAN. Yes.

Mr. VOGELSANG. Yes. The Combined Tin Committee makes the allocation. On the Combined Tin Committee there are eight member nations—and we are one of them. They divide up all the pig tin that is available—not concentrates. We can buy all the concentrates we want on the basis of where we can get them—but pig tin is allocated on the basis of questionnaires which are sent to all countries,

and every country reports what it would like to have. Then, a proportion of that is given to all of the applicants. Under that system we get our proportionate share, and it is a fair share.

Mr. SPENCE. Are those allocations fairly made according to the needs of the various countries?

Mr. VOGELSANG. Yes.

Mr. SPENCE. Where does the authority come from to make these allocations?

Mr. VOGELSANG. This Combined Tin Committee was set up under a proclamation of the President of the United States and the Prime Minister of England, after the Combined Raw Materials Board went out of business at the end of the war. It is a voluntary committee which operates to divide up the available supply in the most equitable manner.

Mr. SPENCE. But the allocations made by this committee are agreed to by other countries?

Mr. VOGELSANG. Yes, sir.

Mr. NICHOLSON. Mr. Chairman.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. Is that one reason why the wire-nail people cannot get tin for their wire nails?

Mr. VOGELSANG. What do you mean? The allocation?

Mr. NICHOLSON. Yes.

Mr. VOGELSANG. No. It is because of the short supply, and we have to control the use of tin to keep within the amount we are going to get.

Mr. NICHOLSON. You said that you allocated it based on their needs, and cut it down to that allocation. I read one letter which stated that they do not get any.

Mr. VOGELSANG. Wire nails have not had any tin in them for a long time. And there are substitutes to meet that situation.

Mr. NICHOLSON. Yes; but they are no good, as you stated before, or as somebody did.

Mr. VOGELSANG. I did not say they are no good.

Mr. NICHOLSON. They do not work out?

Mr. VOGELSANG. They are not as satisfactory and they do not look as nice. But they are adequate to perform the duties of a nail.

Mr. NICHOLSON. That is all.

The CHAIRMAN. Are there further questions?

Mr. Secretary, we are very happy to have had you with us. If you care to make a supplemental statement, you may do so. And I presume you will come back later if the committee wants to hear from you.

Secretary SAWYER. Thank you, Mr. Chairman. I do not care to add anything except to state that, according to my statement, these controls would be minimized as rapidly as possible. That will be the policy as long as I am there.

The CHAIRMAN. Thank you, sir.

Secretary SAWYER. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Rhodes.

Mr. F. Marion Rhodes is from the Production and Marketing Administration, Department of Agriculture.

**STATEMENT OF F. MARION RHODES, PRODUCTION AND MARKETING
ADMINISTRATION, DEPARTMENT OF AGRICULTURE**

Mr. RHODES. Mr. Chairman and members of the committee, at the present time the only controls remaining of the numerous controls exercised during the war by this Department under the Second War Powers Act are those provided for in the Second Decontrol Act of 1947, as extended by Public Law 427.

These controls by the terms of the act will expire on May 31, 1948, unless extended. The existing world situation with reference to the commodities presently under control is such that this Department considers it essential that the controls provided for in the Second Decontrol Act with respect to fats and oils, rice and rice products, nitrogenous fertilizers, and tin and tin products be continued.

The Congress has recognized the fact that for this country to fulfill its international responsibilities and achieve its foreign policy objectives it must assist in the economic reconstruction and development of other countries devastated by the war.

Limited import controls are needed in order to assure equitable international distribution, through international organizations such as the International Emergency Food Committee of the Food and Agricultural Organization, United Nations, of certain materials which are in critical short supply on a world-wide basis.

The continuation of the power to grant limited priorities assistance for export is required to fulfill the international responsibilities of this country and to protect the domestic economy. The domestic economy further requires continued protection by restricting the domestic distribution and use of tin and tin products for which we are substantially dependent upon import in order to assure the availability of minimum supplies for the most urgent purposes. This Department does not have administrative responsibility for the exercise of controls over fertilizers and tin, but it is directly concerned with the availability of sufficient supplies of these commodities for the uses needed to produce and conserve food.

The over-all world supply of fats and oils continues to represent one of the chief postwar deficiencies in agricultural commodities. The 5-year prewar average production was 12,900,000 metric tons and the exportable supplies from producing areas moving in international trade were 5,890,000 metric tons of animal and vegetable fats, including butter.

The 1947 and 1948 production estimates are practically the same, that is 10,300,000 metric tons each year or considerably under the prewar average. The reasonable target or goal set for world exportable supplies in 1948 is only 3,700,000 metric tons, including butter.

The recommended International Emergency Food Committee import allocations to the United States in terms of oil content were 354,000 metric tons in 1946 and 472,000 metric tons in 1947. Tentative recommended allocations to the United States for 1948 are 421,000 metric tons as compared to the first tentative allocation of 366,000 metric tons for 1947. Of the 421,000 tons originally recommended for 1948, a total of 62,500 tons represented castor and/or oiticia oils which have since been excluded from allocations by the International Emergency Food Committee. International Emergency Food Committee alloca-

tions for 1948 will be revised when more complete supply data becomes available.

In order to provide an equitable distribution of world supplies, import controls should be continued. The United States is a net importer of fats and oils and elimination of controls likely would result in larger importations into the United States and make necessary larger exports by the United States in order to maintain the proper net balance to which the United States is committed. It is anticipated that in 1948, the recommended International Emergency Food Committee allocation for the United States will result in net imports of about 117,000 metric tons, including castor and oiticica oil, plus imports of some specialty oils which are not under allocation.

Rice is another commodity in very short supply compared with world needs. The fact that limited areas produce the exportable import rice creates many problems of distribution.

The lifting of import controls on rice in the United States would bring about inevitable pressures and distortions of the existing patterns of distribution. These have been worked out carefully, in cooperation with the other major exporting and importing countries who participate in the work of the International Emergency Food Committee. Rice supplies are so critical that any material change in the agreed distribution plan would bring acute suffering in many countries.

For example, the cheaper rice of the Far East might move to the United States in anticipation of higher prices or because a given exporting country needed dollar exchange. This would tend to raise the price level in the Far East. The United States could not insist that other countries maintain controls if this country permitted unrestricted imports.

We do not need imports for our rice-consuming population here at home. Any such movement would therefore merely result in making rice available for reexport. The net result would be a slowing down of rice distribution to the major rice-eating countries, confusion and price fluctuations in the United States, and the possibility of some reduction in the amounts of United States rice exported to our traditional markets.

This Department considers it essential that the present controls over tin and tin products be continued because of the importance of these materials to the preservation of food.

Since the major tin-producing areas of the world have not recovered from the devastation and disruption caused by the war, and as this country is dependent upon foreign sources of supply for its primary tin, it is believed that the continuation of present controls is necessary.

While production from the Far East has been increasing, production for the world as a whole in 1947 was only 114,000 tons—about 67 percent of the level of the output for 1939, and less than 50 percent of production in 1941 when the world demand for tin was at a peak. There appears to be little likelihood that the world output will revive sufficiently for a considerable period of time to warrant the relaxation of controls over the output, distribution and use of tin and tin products.

In order to assure our fair share of the world tin supply, this Government participates with the Combined Tin Committee, an inter-governmental body which recommends allocations of the world tin supply on a cooperative basis.

Commercial demands in the United States are estimated to be 25 percent more than the available domestic supply of tin and are approximately equal to the world production in 1947. Discontinuance of tin controls would result in the diversion of tin to less essential uses than are now permitted and would jeopardize the supply now available for food preservation and for stock piling.

Moreover, it would contribute to inflationary pressures on food industry because of the higher cost of cans. Only through continuation of controls can adequate tin be provided for the packaging of essential food and food products and for accumulating a reasonable stock pile of this material for use in case of a national emergency.

The world shortage of nitrogenous fertilizers continues to be one of the most critical problems affecting farmers. There is no prospect that this shortage can be relieved in the near future. Because of this situation, nitrogenous fertilizers are under distribution recommendation by the International Emergency Food Committee.

Import controls and export priorities assistance by this country are necessary to effectuate the International Emergency Food Committee recommendations. In the absence of the present controls, the flow of this material would be greatly disrupted.

It should be pointed out that the period of allocation for nitrogenous fertilizer by the International Emergency Food Committee is for the fiscal year July 1-June 30. Therefore, it appears consideration should be given to the advisability of extending the period of allocation and priority controls for nitrogenous fertilizer to June 30, 1949.

The United States presently imports approximately three times as much nitrogenous fertilizers as it exports from its commercial production.

The International Emergency Food Committee recommendations for the year ending June 30, 1948, would provide for the United States to import 187,000 short tons of contained nitrogen and to export 61,000 short tons. In arranging the 1948-49 fertilizer program it is planned that the import-export position of the United States will follow about the same ratio as in the previous year.

In conclusion, it should be stated that although the situation with reference to certain of the above commodities has improved to some extent, supplies are still far short of demand. Therefore, it is recommended that the controls presently provided for in the Second Decontrol Act of 1947 as extended be continued. It is urgent that legislation to continue such controls be enacted by May 31, 1948, as any lapse of control would seriously affect the national economy and the carrying out of our international responsibilities.

The CHAIRMAN. Mr. Rhodes, I wonder if you would mind stepping aside for just a moment. Congressman Love has a very short statement.

STATEMENT OF HON. FRANCIS J. LOVE, A REPRESENTATIVE IN CONGRESS FROM THE FIRST DISTRICT OF WEST VIRGINIA

Mr. LOVE. Thank you, Mr. Chairman and gentlemen.

I would just like to urge, on behalf of the steel companies in my district, the First District of West Virginia, that you continue for at least one more year tin controls, as being very vital to tin-plate

production in the operation of steel mills. And I would like, if I may have permission, to insert in the record a telegram from A. J. McFarland, president of the Wheeling Steel Corp., and a telegram from T. E. Millsop, president of the Weirton Steel Corp., both telegrams urging continuation of controls on tin for at least one more year.

The CHAIRMAN. Without objection, the telegrams may be made a part of the record.

(The telegrams referred to are as follows:)

[Telegram]

WHEELING, W. VA., May 13, 1948.

Hon. FRANCIS J. LOVE,

House of Representatives, Washington, D. C.

We strongly urge continuation Government pig tin control at least 1 year. Your support bill S. 1807 earnestly solicited this action vital for conduct tin-plate production in steel mill operations.

A. J. MCFARLAND, *President.*

[Telegram]

WEIRTON, W. VA., May 14, 1948.

FRANCIS J. LOVE,

House Office Building.

Earnestly request you give immediate consideration Senate bill S 1807 covering tin controls expiring May 31, 1948. Since this is a vitally important item to the entire tin-plate industry controls should be extended to June 30, 1949.

T. E. MILLSOP, *President.*

The CHAIRMAN. Mr. Love, without objection, you may extend and revise your remarks as you see fit.

Mr. LOVE. Thank you.

The CHAIRMAN. All right, Mr. Rhodes.

Are there questions of Mr. Rhodes?

STATEMENT OF F. MARION RHODES—Resumed

Mr. KUNKEL. Mr. Chairman.

The CHAIRMAN. Mr. Kunkel.

Mr. KUNKEL. Mr. Rhodes, is the Department of Agriculture consulted by the Department of Commerce in making allocations, before the Department of Commerce finally decides how to allocate tin domestically?

Mr. RHODES. Yes, sir, I am quite sure they are. The Department of Commerce has an interagency review committee.

Mr. KUNKEL. I would like to broaden that question to include tin and fertilizer.

Mr. EASTON. I am not in position to answer with respect to fertilizer, but we do participate in the over-all on any consideration affecting tin plate, and the quantities of tin which are allocated to the tin-plate industry. We do not participate in the allocations to any of the other industries—that is, for brass and bronze, solder, and the like. We do participate on things which do affect agriculture, such as cans and so forth.

Mr. KUNKEL. In other words, they consult you and you give them your estimates as to what is necessary, say, for the preservation of food?

Mr. EASTON. That is right. They check with us as to what our estimates are for tin plate for the canning of the various commodities in

order to provide sufficient materials for the packaging of agricultural commodities.

Mr. KUNKEL. And your recommendations along that line are usually accepted?

Mr. EASTON. I think that is right. We have been able, within the framework of Order M-81 which sets up the specifications for cans, to adequately take care of agricultural commodities.

Mr. KUNKEL. Thank you, Mr. Easton.

Now, Mr. Rhodes, I see on page 5 of your statement that the United States imports 187,000 short tons of nitrogen and exports 61,000 short tons. How does that export and import condition work out? Why should we both export and import? Is it exactly the same commodity, or do we import one commodity and export another?

Mr. RHODES. With your permission, I would like to ask Mr. Porter to answer that question.

Mr. KUNKEL. Mr. Porter, will you answer that question?

Mr. PORTER. The imports from Chile are in the form of sodium nitrate. The imports from Canada are in the form of ammonium phosphate, ammonium sulfate, and some ammonium nitrate.

The exports are chiefly in the form of ammonium sulfate, part of that being synthetic, and ammonium nitrate.

It is true that in the two instances the same types of products are involved, but we must take this factor into consideration: As far as the imports of Canadian ammonium nitrate are concerned, the bulk of that comes down the west coast, from production in British Columbia, and the ammonium nitrate that we export comes from plants which are located in the central part of the United States, or in Muscle Shoals, Ala.

Under the present program a good bit of the sulfate of ammonia exported is in the form of so-called synthetic produced in plants which convert anhydrous ammonia into sulfate form. We have international relationships involved in our imports from Chile, and likewise as far as Canadian movements are concerned.

Mr. KUNKEL. Would you define the term "contained nitrogen"?

Mr. PORTER. Contained nitrogen is a term which represents a common denominator, and means the nitrogen content of any particular nitrogenous material, and if I may give an example, perhaps it will make it a little more clear. Ammonium sulfate has 20.5 percent of contained nitrogen. That is, 1 ton would have 410 pounds of contained nitrogen. Ammonium nitrate has 33.5 percent contained nitrogen. Rather than speak of materials, then, which would give an inflated or unrealistic picture, it is general practice to convert all these materials into terms of 10 percent nitrogen, usually expressed as tons of N. By this method the contained nitrogen of the material is converted to the basis of 100 percent pure nitrogen.

Mr. KUNKEL. So when you export 187,000 short tons of contained nitrogen—

Mr. PORTER. If that was in the form of sulphate of ammonia, it would be about five times that in terms of material. If it is ammonium nitrate, it would be about three times that.

Mr. KUNKEL. Could you answer the same question that I asked with respect to fertilizer as I asked with respect to tin?

Mr. PORTER. That having to do with quantities for export from the commercial supply?

Mr. KUNKEL. No, with respect to the question I asked with respect to tin, as to how the Department of Agriculture is consulted by the Department of Commerce before allocations are made domestically. Are you treated the same in that respect?

Mr. PORTER. There is no domestic allocation of nitrogen fertilizers or of any nitrogen material. The only allocation is on an international basis under which the United States gets a certain proportion of the world supply. But beyond that, there is no internal allocation, if I understand your question correctly.

Mr. KUNKEL. That is what I mean.

Mr. PORTER. No allocation or distribution control.

Mr. KUNKEL. In that, fertilizer is entirely different from tin, domestically?

Mr. PORTER. That is right.

Mr. KUNKEL. But internationally, it is governed by the same general principle?

Mr. PORTER. That is right.

Mr. RHODES. I might add that the Department of Agriculture does have its own representatives on the International Committee which makes recommendations with respect to fertilizer. Our men represent us there rather than representatives of the Department of Commerce.

Mr. SMITH. Mr. Chairman.

The CHAIRMAN. Dr. Smith.

Mr. SMITH. On page 4 of your statement you referred to the Combined Tin Committee as an intergovernmental body. How many governments are represented on this Combined Tin Committee?

Mr. RHODES. Eight governments, I believe.

Mr. SMITH. Does the Combined Tin Committee have anything to do with fixing the price of tin?

Mr. RHODES. I do not believe it does. I would like to ask Mr. Easton if that is so.

Mr. EASTON. I do not think so, but I do not know.

Mr. SMITH. The tin market is free in all parts of the world, is it?

Mr. EASTON. We don't follow that phase of it. I think if you have a question relative to that, it would be better to refer it to the Department of Commerce. It is my understanding that that is true, but I could not be positive because we do not work with it in that connection.

Mr. SMITH. Is there somebody here from the Department of Commerce who can answer that question?

Mr. HALE. I am reasonably sure that this tin committee does not set prices. I am from the Department of Commerce, but I do not think I can answer that question authoritatively.

Mr. SMITH. The price of wheat has been set. What this Combined Tin Committee is doing, and what is being generally recommended here this morning, is the carrying out of a world plan for distributing commodities; is that not true?

Mr. HALE. Yes.

Mr. SMITH. We are engaged in world planning and distribution of commodities?

Mr. HALE. Yes, sir; of surplus commodities, in the sense that, as I understand it, the producing countries tell these committees how much excess they have. All the excess or all the surpluses are then added together and divided up among the various importing countries.

Mr. SMITH. In other words, there is no longer free distribution of the particular commodities in question?

Mr. HALE. I think that would be correct.

Mr. SMITH. And is a totalitarian operation?

Mr. HALE. I do not believe, sir, that we could agree to that description.

Mr. SMITH. Well, you are asking for a law to make that possible. What does totalitarianism depend upon, except the power of the State?

Mr. HALE. I did not follow that, sir.

Mr. SMITH. We are considering the passage of a law to make it possible for these nations to combine to arbitrarily distribute certain commodities. Totalitarianism derives its power from the State, from law. So what is the difference between what you are advocating here and what is being practiced in Russia?

Mr. HALE. Well, sir, in the distribution of these surpluses, it is done by the nations on a completely voluntary basis—by discussion and by voluntary agreement on the part of each country.

Mr. SMITH. Do you mean that it is done voluntarily by the political authorities of the nations, not by the individuals in the nations?

Mr. HALE. I think that is true, sir; but as between the various nations, it is purely voluntary.

Mr. SMITH. As between the governmental bodies, the political authorities of the various nations. Not between the private citizens of the various nations. There is a distinction there, is there not?

Mr. HALE. Yes, sir.

Mr. SMITH. Then, what we are concerned about is whether we are going to have international totalitarianism.

Let me ask you about the various cartel arrangements which exist at the present time. Do they not come under the same classification?

Mr. HALE. Sir, I wonder if I could ask the Agriculture people to answer as many of your questions, sir, as they can. I do not think I am qualified, for the Department of Commerce, to answer those questions.

Mr. FOLGER. Will you yield, Doctor?

Mr. SMITH. Yes.

Mr. FOLGER. This program relates itself to commodities that are in short supply in our own and other countries?

Mr. RHODES. That is correct, sir.

Mr. FOLGER. It is rather answering to the needs of the countries that do not have these commodities in full supply?

Mr. RHODES. Yes, sir.

Mr. FOLGER. That is the only reason for these allocations?

Mr. RHODES. That is correct. We will discontinue them as soon as possible.

Mr. SMITH. In what period of the history of the world was there not a short supply of some commodities?

Mr. RHODES. I expect there have been few times when there has not been one commodity or another in short supply. There is probably always something in short supply.

Mr. SMITH. You say that there are probably always some commodities in short supply?

Mr. RHODES. I say that would be my guess.

Mr. SMITH. What is short supply?

Mr. RHODES. I would say a commodity is in short supply when there is not enough of it for the normal use of the public at reasonable prices. That is just a rough definition.

Mr. SMITH. We are always competing, with respect to all commodities. It seems to me that we are hardly defining this short supply in terms of reality. I do not know of any time in history when there was not a short supply of a great many things. This is the first time in history that we have formed an international government or authoritarian power to distribute the goods of the world. Does this distribution affect prices?

Mr. RHODES. Are you referring to the distribution of tin?

Mr. SMITH. Tin, agricultural products, whatever it may be. Does not that distribution affect prices of those commodities?

Mr. RHODES. In my opinion, I would say it does affect prices.

Mr. SMITH. Then, you have an international authoritarian body which is engaged in manipulating, distributing, and also pricing, not only the commodities directly concerned, but all commodities, for the simple reason that the prices of all commodities are more or less related to each other; is that not so?

Mr. RHODES. Well, to me the controlling point is that we must weigh the advantages from one angle and the disadvantages from the other. The desirability of having an equitable and fair distribution of food among all countries of the world in my opinion outweighs the fact that you may be compelled to have certain restrictions or some governmental controls which are not to the liking of everyone. Of course, this is a personal opinion; but I can say that it is also the policy of the Department of Agriculture, that the international allocation of these short-supply food commodities, as well as fertilizer, is to the best advantage of the majority of the people of the world at this time. I might also add, if you do not mind—that even though it is probably true that there is always some commodity in short supply—there are very few commodities that are as important to the great mass of people as tin. If silk or some such commodity were short, it would not make much difference to the great mass of the people; but if tin is in short supply, it should be allocated to be used to the best interests of the mass of the people rather than for the benefit of some special group that had the money to buy it but did not need it as badly.

Mr. SMITH. Some Brain decides what is in the best interests?

Mr. RHODES. That is right.

Mr. SMITH. Which is exactly the totalitarian concept of the Communists in Russia.

Mr. BANTA. Will you yield, Dr. Smith?

Mr. SMITH. I yield.

Mr. BANTA. In the allocation of use of tin for the manufacture of beer cans, you do not take into consideration anything except the advantages which the manufacturers of those cans have; do you? It does not affect the preservation of food; it does not affect other countries. You take only into consideration the manufacturer of beer cans.

Mr. RHODES. I am not qualified to speak on Order M-43 and Order M-81. Mr. Easton probably can go into the details of those two orders. If that is what you are referring to.

Mr. BANTA. Well, I was just answering the question to the effect that you sit down and divide up the supplies of tin to the best interests

of the people of the world. In case of beer cans, that is not true. There are plenty of substitutes for tin in the United States for the purpose of making beer cans. It just makes your story of distribution of tin for the benefit of the preservation of food sound a little incredible.

Mr. RHODES. The Department of Agriculture does not administer this order.

Mr. BANTA. Well, the Department of Agriculture has its alibi. The Department of Commerce has its alibi. But it just resolves itself down to what Dr. Smith is referring to. A few men sit down and decide for the millions of the world what ought to be done with something which they say is in short supply.

That is all.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. From the first page of your statement, Mr. Rhodes, near the bottom of the page, I quote the following:

The continuation of the power to grant limited priorities assistance for export is required to fulfill the international responsibilities of this country and to protect the domestic economy.

What is meant by "limited priorities assistance"?

Mr. RHODES. Limited to the commodities which this proposed legislation covers. I was referring to the European Recovery Program, of course, as our international responsibility.

Mr. TALLE. I note that the term "international responsibility" occurs in a number of places in your statement. In fact, the last term in your statement is "international responsibilities." Elsewhere, I see "International Emergency Food Committee recommends" and so forth. I am interested in knowing how those responsibilities come about. What are the steps that are involved, and what is the process that is engaged in which finally places us, as a nation, in a position where we have what you call "international responsibilities"? In this instance, it would start with the passage of such a law as we now have, and which you ask to be extended; is that not right?

Mr. RHODES. By "international responsibilities" I was referring primarily to such things as the interim aid bill, the foreign relief program, the European recovery program, the China aid program, and legislation of that nature which sets up programs for this Government to carry out, which, in my opinion, make it desirable to have certain controls to enable those programs to be carried out with the least interference to the domestic economy.

Mr. TALLE. In the event we extend the powers you now have, then, somebody from our nation would sit down with representatives from other nations and do certain things; is that the way it works?

Mr. RHODES. I do not believe I understand your statement, sir.

Mr. TALLE. I want to know how this machinery operates.

Mr. RHODES. Are you referring to the International Emergency Food Committee?

Mr. TALLE. Yes; that is a case in point.

Mr. RHODES. Well, the International Emergency Food Committee is the successor organization of the Combined Food Board which operated during the last war. It has 36 member governments, of which the United States is one. It was recently incorporated into the Food

and Agriculture Organization which is an integral part of the United Nations Organization. Those 36 governments, for the most part, are the major importing and exporting governments with respect to the major foods. There are only about six committees which are still really actively functioning—the Cereals Committee, which makes recommendations with respect to cereal grains; the Rice Committee; the Fats and Oils Committee; the Fertilizer Committee; the Committee on Beans and Peas, and the Cocoa Committee. I believe there may be one or two more, but the Meat Committee and a number of others have already been abandoned, as soon as those commodities got to the point where either the supplies were fairly adequate or where there were other reasons which made it impractical for them to continue.

The International Emergency Food Committee merely makes recommendations to its member governments. Its recommendations are not binding on any member government, however, and the United States, as well as the other participating governments take those recommendations into consideration when they make their own national allocations of commodities in short supply.

Mr. TALLE. In other words, then, the International Emergency Food Committee has no power to do more than recommend?

Mr. RHODES. That is correct, sir.

Mr. TALLE. Before those recommendations can become international responsibilities, what must occur?

Mr. RHODES. In my opinion, they would become United States responsibilities when accepted by responsible officials of the United States Government. The IEFEC makes recommendations with respect to world surplus. Then, the United States, on its own part, as a national government, issues its own allocations, which either implement or fail to implement the recommendations of the international body. That is the way it actually works. The International Emergency Food Committee has no power to force the United States to carry out any of its recommendations. It is only from the standpoint of cooperation among the major importing and exporting nations of the world that it makes itself felt.

Mr. TALLE. Do you have something additional to say?

Mr. RHODES. I merely wanted to add that by participating in these international organizations, and by agreeing to the recommendations which they make, I think we have a moral responsibility to carry out what we have agreed to carry out. In every one of these committees we are represented, and in most cases our representatives are chairmen of the committees. When we accept the recommendations of the international body I think there is some moral commitment on the part of the United States Government to make national allocation which coincides with the one recommended by the international body.

Mr. TALLE. Do these international committees to which you refer, particularly the International Emergency Food Committee, issue reports which are signed by the members who sit down and work them out?

Mr. RHODES. Well, the International Emergency Food Committee issues a report to the Food and Agriculture Organization, the parent organization, and each individual committee issues its recommendations, which are sent to all member governments. The member gov-

ernments are then asked to either accept or reject those recommendations.

Mr. TALLE. What is the history of the behavior of other countries with reference to whatever they have agreed to do, either expressly or by implication, or inference, or in any way whatever? Do they consider these agreements to be firm obligations to which they cling, or how do they treat them?

Mr. RHODES. I could not answer that question with any degree of accuracy. I could make a general statement that in my opinion the majority of the governments participating in the International Emergency Food Committee, for the most part, do carry out their agreements reasonably well. There are exceptions, of course, and, there are two major exporting nations which do not participate, which makes the over-all picture look more unfavorable than it otherwise would.

Mr. TALLE. May I ask Mr. Hale of the Commerce Department if, in the recent report which was issued, there was anything showing the operation of these things, the mechanics of them?

Mr. HALE. I believe our quarterly reports discuss it in considerable detail, sir.

Mr. TALLE. You see, the difficulty is there exists today a great many so-called international committees. I read about them. Sometimes I get rather confused. I am asked questions about them from time to time, and it is rather humiliating to confess ignorance. And some of these terms bother me. People ask me: "Is not the United States engaged in what has been termed rather opprobriously state trading?" Is this state trading or is it not?

Mr. RHODES. I would not call it such, but I am not a qualified expert on state trading, either. I think it could beter be described as an organization which has been formed to try to divide up, on the basis of all the facts and to the best advantage, the world exportable supply of food commodities. For example let us take cereals, which is a most important commodity. There is a wide variation between the amount of cereals needed in the world and the amount which has been available in the last 2 or 3 years. The Cereals Committee meets nearly every week and tries to figure out ways and means whereby various countries of the world can get at least the minimum amount of the cereals they need. Sometimes they find that when they think they have it worked out for one country to obtain its supply from a certain country, financial matters or other considerations may prevent those two countries from getting together. Then, it is necessary to go back and try to make a three-way switch, so that this country which does not have dollars can get it from a third country, and a trade can be made in that way. I think that in the 2 years of its existence, the IEFEC has accomplished a great deal to help some of the weaker nations of the world to obtain certain supplies that they otherwise would probably not have been able to get.

Mr. TALLE. There is another institution which carries a nasty connotation. We used to associate that with the commercial activity of Germany. We called them cartels. Is this not the same sort of thing?

Mr. RHODES. Well, in my opinion, it is not.

Mr. TALLE. Well, I will not press that further. There is a rather celebrated book "The Theory of the Leisure Class." In it the author uses an expression which I think sometimes might be applied to situations of this sort. He says there is such a thing as "conscientious withholding of effort." Sometimes I think that arrangements of this character rather induce some people to withhold effort because they figure "We are going to share in the pie, anyhow. Not all peoples work as hard as the people of the United States. They work very hard. If they had not during the war, a lot of things might have been different. I want to do what is right all the way around, but I am disappointed, let me say, with the tin situation, and the fertilizer situation. They are just not good. You are not personally responsible for that, however, I assure you. But we talk so much about free enterprise, and so on. It seems to me that free enterprise is becoming pretty much a hollow shell, as we keep on letting governments do these things.

Mr. BANTA. Without legislation such as is recommended here, could the United States do anything to carry out what you say becomes the natural, moral responsibility of the United States as a result of these agreements?

Mr. RHODES. Oh, yes; I think it could do something.

Mr. BANTA. Without such legislation?

Mr. RHODES. Yes, they could do something.

Mr. BANTA. How would the agreements which the 36 countries entered into with respect to international allocations of food supplies be affected if you had no such legislation?

Mr. RHODES. Fats and oils and rice, are the two food commodities involved here. If we did not have import controls, in my opinion, the imports of fats and oils into the United States would far exceed the allocations to the United States, which would mean that we would not be able to carry out what we have morally agreed to in this international body. Of course, we could implement the allocations by later exporting more than we are now exporting, but that would just mean a large import and a large export program, which I think is uneconomic. For example, there would be no point in our importing large amounts of Argentine fats and oils, and then reexporting them to France, Italy, or Austria. We might as well have it go direct from Argentina to France, Italy, or Austria, rather than make the circuitous route. The same thing applies to rice. I think we would have rice imports into the United States because of our dollar position, although we have more than twice as much rice produced in the United States as we consume.

Mr. BANTA. We would still have it imported because of our dollars?

Mr. RHODES. That is right.

Mr. BANTA. And how, in view of our dollar position, could we get rid of it through export?

Mr. RHODES. I do not know that we would, except that our exports normally follow certain historical patterns. For instance, Cuba likes American rice. How we would get rid of any imports, other than that, I do not know. I have Mr. Ellis here who represents the United States on rice matters in the international body, if you would like to hear from him.

Mr. BANTA. I was not particularly interested in rice. I was merely interested in an illustration. You said we produce more rice than we use, and that we would become an importer if we had no controls. I assume that because of our dollar position we would become an importer. I wondered how we could become an exporter in view of our dollars, unless we gave other countries the dollars with which to buy from us.

Mr. RHODES. I said that in my opinion you might find Far Eastern rice coming in here. I did not make a categorical statement that we would import Far Eastern rice. But it is much cheaper than our rice.

Mr. BANTA. I know you do not make it categorically, but you do not give us any facts on which to base your opinion. What are the facts which justify your opinion? That is what I am looking for, that is what all of us on this Committee are trying to find out, whether or not you do have facts on which to base your opinions, and whether your opinions are sound for that reason. The same thing would apply to tin.

Mr. RHODES. We have requests for imports of rice into the United States. People want to bring it in. Of course, some low grade rice does come in, but it is not edible rice.

Mr. BANTA. In other words, you are stating that it is not a proper thing to let those who want to bring it in to bring it in? I wonder where our responsibility lies with respect to that. I wonder, in view of your answers to Mr. Talle, whether we are not engaged in state trading, because of our allocation system.

Because of our dollar position, would we not be in a position to get the tin that is necessary to meet our domestic demand?

Mr. RHODES. I am not qualified to answer that. In my opinion, our dollar position puts us in a favorable position with respect to the importation of any commodity; but with respect to tin specifically, I could not answer.

Mr. BANTA. That is all, Mr. Chairman.

The CHAIRMAN. Are there further questions?

(No response.)

The CHAIRMAN. If not, thank you, Mr. Rhodes.

(The following communications were received for inclusion in the records:)

NATIONAL GRANGE,
Washington 6, D. C., May 17, 1948.

HON. JESSE P. WOLCOTT,
Banking and Currency Committee,
United States Senate, Washington 25, D. C.

DEAR REPRESENTATIVE WOLCOTT: We are writing you to tell you of the serious nitrogen fertilizer shortage as we see it, and to urge you personally and your committee to report out favorably during this session of Congress the bill or bills necessary to increase the supply of nitrogen available for fertilizer.

Nitrogen fertilizer is extremely important to the production of essential farm products. A more adequate supply of nitrogen fertilizer will enable farmers to produce more food and fiber which the world needs so badly.

One of the serious aspects of the nitrogen fertilizer shortage is that the shortage is not uniform over the country. Some areas are suffering very severely from the nitrogen shortage. We have had numerous letters from farm people pleading that something be done to increase the supply.

The House Committee on Agriculture recognized the serious nature of the fertilizer shortage at least 2 years ago and therefore set up the Subcommittee

on fertilizer. At a recent hearing held by this subcommittee a suggestion arose which has given all farmers a great deal of hope. The suggestion was that all the users of nitrogenous compounds share equally in giving up some of the supply to meet the foreign nitrogen fertilizer commitments. Between four and five hundred thousand tons of nitrogen are going into commercial uses rather than fertilizer. The magnitude of this figure is appreciated when one realizes that only about 800,000 tons of nitrogen fertilizer are available to farmers in the United States, including Puerto Rico.

During periods of short supply the welfare of the nation demands that nitrogen be allocated to essential users rather than diverted to nonessential users even though the later may promise a more profitable market.

H. R. 6508 by Mr. Norblad is now before your committee, and is designed to alleviate the nitrogen fertilizer shortage. This bill would amend the Second War Powers Act of 1942 so as to authorize the Secretary of Commerce to draw upon all sources of nitrogenous compounds in meeting our commitments for shipments of nitrogen fertilizer abroad. We strongly favor this bill, but we believe it needs to be strengthened by amendments. The bill should also give the Secretary of Commerce or the President the power to allocate nitrogenous compounds to the various uses. We believe that H. R. 6508, as it now stands, would not do much to increase the nitrogen fertilizer supply because what nitrogen would be taken to meet fertilizer shipments abroad would still be taken out of that portion going into nitrogen fertilizer.

We believe this bill with the amendment we suggest would be quite effective in alleviating the nitrogen shortage and also in meeting the world need for food. We doubt that the commercial uses of nitrogenous compounds are as important at this time as the use for fertilizer.

Because of the widespread demand for more food and the urgent situation facing farmers, we believe that there should be no appreciable opposition to a bill or bills providing for a sound and equitable distribution of nitrogenous compounds to the various uses. For this reason we are hopeful that the necessary legislation will be passed this session of Congress.

Sincerely yours,

A. S. Goss,
Master, The National Grange.

[Telegram]

NEW YORK, N. Y., May 11, 1948.

Hon. JESSE P. WOLCOTT,

*Chairman, House of Representatives Banking and Currency Committee,
House of Representatives Office Building;*

The Board of Governors of the Can Manufacturers Institute at its meeting yesterday requested that you be advised of their position regarding the importance of the continuation of tin control. The present tin controls under which we have worked expire May 31. The best information available to us indicates that world supply for 1948 will fall somewhat short of previous estimates. We also understand that various Government agencies with access to the full facts desire continued and increased stock piling. On the basis of the above facts we believe that until world supply and demand are more nearly in balance, present tin controls should be extended. Lack of control at this time could have serious and perhaps dangerous effects on the entire economy. Present tin controls have made it possible for our industry to operate in a reasonable practical manner. Tin limitation is of course a hardship on our industry and we trust therefore that during any period of control deemed essential that to the greatest extent possible tin exported from this country in finished products may be regularly added to this country's quota of world tin supply. The can manufacturing industry is proud of its contribution in the conservation of tin before, during, and since the war. While a number of Government agencies have been advised as to these facts and the sacrifices we are making if we can be of service in presenting further information please call on us.

CAN MANUFACTURERS INSTITUTE, INC.,
R. S. SOLINSKY, *President.*

[Telegram]

NEW YORK, N. Y., May 17, 1948.

Hon. JESSE P. WOLCOTT,

*Chairman, Banking and Currency Committee,**House of Representatives, House Office Building, Washington, D. C.:*

Understand your committee considering bill, S. 1807, which includes continuation of controls over tin and tin products. In our telegram of February 24 and subsequent conversation we expressed our strong conviction that it is in the best interests of the total economy and of the general public to continue Government control over tin. At the present time available supplies of tin in this country do not exceed 70,000 gross tons of which approximately 34,000 tons are not available for use as this quantity is necessary in the form of concentrates to operate the Texas City smelter and for pig tin in process in industry. These figures do not include Government stocks. The balance of 36,000 tons of tin is less than 6 months' supply at present rate of consumption. Removal of controls permitting a free market in a material as short in supply as tin would ultimately result in the development premium market because of competition for the present inadequate supply. An appreciable increase in the cost of tin would ultimately result in a curtailment of tin-plate production and hence can production or in price increases. Competition in a free market between the can industry and other industries would place us at a disadvantage as approximately 15 percent of our material costs are for tin where tin represents less than 1 percent of the cost of most other finished products competing for tin. It would be to the immediate advantage of the American Can Co. to recommend the removal of tin controls. However, it is our firm conviction that the long-range interests of American industry and the public welfare would be better served by Government control of the acquisition, distribution, and use of tin until reserves in this country are built up considerably.

D. W. FIGGIS,

President, American Can Co.

[Telegram]

GRANITE CITY, ILL., May 18, 1948.

Hon. JESSE P. WOLCOTT,

House Office Building:

Pig tin is essential for the manufacture of food containers and in order for the tin-plate industry to continue peak production the available pig tin must be equitably distributed between tin-plate manufacturers. Bill, S. 1807, provides for this and should be extended until June 30, 1949.

HAYWARD NIEDRINGHAUS,

President, Granite City Steel Co.

[Telegram]

CLEVELAND, OHIO, May 18, 1948.

Hon. JESSE P. WOLCOTT,

*Representative from Michigan,**House of Representatives:*

Figures from the tin-study group indicate there is not sufficient tin to insure continued operations of tin plate and allied tin consuming industries without controls. Passage of tin control bill, S. 1807, is imperative.

F. L. LASKEY,

Republic Steel Corp.

The committee will stand in recess until tomorrow morning at 10 o'clock, when we will proceed with the hearing on this bill.

(Thereupon, the committee adjourned, at 12:30 p. m., to reconvene at 10 a. m., Wednesday, May 19, 1948.)

EXTENSION OF SECOND DECONTROL ACT

THURSDAY, MAY 20, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee reconvened pursuant to adjournment at 10 a. m., Hon. Jesse P. Wolcott, chairman, presiding.

Present: Messrs. Wolcott, Smith, Kunkel, Talle, Sundstrom. Kilburn, Banta, Nicholson, Brown, Riley, and Buchanan.

The CHAIRMAN. The committee will come to order.

Congressman Norblad, I believe you have a statement you wish to make for the record. We are very happy to have you with us this morning and you may proceed in any way you desire.

STATEMENT OF HON. WALTER NORBLAD, A REPRESENTATIVE IN CONGRESS FROM THE FIRST DISTRICT OF OREGON

Mr. NORBLAD. Thank you, Mr. Chairman. I wish to make a very brief statement.

With reference to the amendment which I propose to the bill, you will recall that Mr. Hart was here the other day, and Mr. Brown and others cross-examined him on the subject matter, and I believe you are fairly well acquainted with it.

I would like to call your attention to one or two things.

First, a letter from American Coke & Coal Chemicals Institute, which is the manufacturing unit of American industry that would be affected by this amendment. They have proposed, by letter of April 26, an amendment to the act which is substantially, or I should say almost identically, the same as the amendment which I have proposed and they say in part, speaking of the adoption of this amendment:

It would substantially eliminate the prospective inequity under which the coke-oven industry will suffer in the event that the present Decontrol Act is extended without this modification, and it will also increase the sum total production of ammonium sulfate, which is the solid form of nitrogenous fertilizer materials in shortest supply for the requirements of the fertilizer industry.

That is your industry speaking.

Here is your farmer speaking, through the National Grange, through a letter signed by Mr. A. S. Goss, master of the National Grange. It is rather lengthy letter addressed to Mr. Wolcott as of May 17, just a day or 2 ago.

He says, in part:

H. R. 6508 by Mr. Norblad is now before your committee, and is designed to alleviate the nitrogen fertilizer shortage. We favor this bill.

They then go on and ask for further amendments to the bill which are more far reaching than mine.

Mr. BROWN. Who made that statement?

Mr. NORBLAD. Mr. A. S. Goss. Mr. Halverson of the Grange was here when we had the hearings 2 days ago, in order to testify or substantiate that. I do not know whether he is here today or not. Apparently he is not.

The point I want to bring out to the committee is that my amendment is approved, as I say, both by the industry, on the one hand, and by the people representing the farmers, on the other hand, and the third party, the United States Government in the form of a statement made on May 18 by Charles Sawyer, Secretary of Commerce, who, of course, has jurisdiction over this particular matter.

May I read in part again just two or three sentences of his statement.

Mr. BROWN. If your amendment passes, will that be charged up to the Agriculture Department?

Mr. NORBLAD. Mr. Hart of the Department of Commerce can answer that.

Mr. BROWN. Could the amount that would be obtained through this amendment be charged to the Agriculture Department?

Mr. HART. No, it would not be charged against the Agriculture Department, sir.

Mr. BROWN. It would not?

Mr. HART. No, sir. As a matter of fact, it would simply be the transfer from one segment of industry to another segment of industry. In other words, what we hope to do is to tap some of the industrial nitrogen and convert it into agricultural nitrogen.

Mr. NORBLAD. In other words, instead of using all this nitrogen to go into civilian industry, such as plastics, it would alleviate the fertilizer shortage.

Mr. BROWN. Understand, I am for the amendment, if we can get more fertilizer to the people in this country.

Mr. NORBLAD. Yes; I understand.

I will read briefly three or four sentences, if I may, from the statement of Mr. Sawyer with reference to my amendment:

Under the present law, it is not clear that we can use our powers to channel raw materials to producers of the kinds of fertilizers needed for the export program. As a result, the burden of the export program rests disproportionately on the producers and users of the kinds of fertilizers which are required for export. If it were clear that we were empowered to channel anhydrous ammonia and other nitrogenous compounds to producers of the kinds of fertilizers needed for export, we feel that the export program could be met more readily and with less impact on the American farmer. Accordingly, we recommend that the clarification embodied in the Norblad bill—H. R. 6508—should be adopted.

I might briefly say by way of review that I have read a letter from the National Coal Institute, the producer of these basic materials. They are in favor of the amendment. The Grange is in favor of this amendment, and so is the Department of Commerce.

I also call the committee's attention to the fact that Mr. Anton Johnson, Congressman from the State of Illinois, who has been chairman of the Subcommittee on Agriculture, which has been investigating the fertilizer program, was here the other day when we had the hearings, and he sat through the entire hearings hoping to be of assistance to you. Speaking for him, I may say he is very much in favor of this amendment.

I also call attention to the fact that Mr. Abernethy, of Mississippi, is here. He was also on the committee on fertilizer, realizes the shortage, and I understand he is in favor of this amendment. I believe he will testify himself.

My purpose is not to discuss the technical points of the amendment, but to call to your attention the fact that all parties interested are in favor of the amendment, and, of course, all of us who are in favor of American agriculture and the increase of fertilizer for the American farms would, I am sure, be heartily in accord with this amendment. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Congressman Norblad.

Colonel Norvell. Col. Frank C. Norvell is of the Office of the Food Administrator for Occupied Areas of the Army. Have you not a prepared statement, Colonel Norvell?

Colonel NORVELL. I have not a prepared statement, sir.

The CHAIRMAN. What we would like to have you review primarily are the operations of the War Department with respect to the production of nitrogen, what your capacity is, what your output is, where you use it, what your requirements for trial purposes and other purposes are, and the distribution made generally.

STATEMENT OF COL. FRANK C. NORVELL, OFFICE OF THE FOOD ADMINISTRATOR FOR OCCUPIED AREAS, DEPARTMENT OF THE ARMY, ACCOMPANIED BY MR. REYNOLDS, OFFICE OF CHIEF OF ORDNANCE, AND MR. LOOMIS, DEPUTY FOOD ADMINISTRATOR, OCCUPIED AREAS

Colonel NORVELL. As far as production figures are concerned, I will ask Mr. Reynolds, who is the ordnance production engineer, to give those to you later, sir. However, before I do that I would like to tell you that we do not use this ammonium nitrate produced in the Army ordnance plants for other purposes than for fertilizer in the occupied areas.

We distribute, as I told you gentlemen when I was up here in the latter part of February, we distribute it to Germany, Japan, and Korea in proportion to their needs. We are still far short of fulfilling our minimum requirements in all of these occupied areas.

The deficit in Germany runs about 34,000 metric tons. In Japan about 18,000 tons, and in Korea about 8,500 tons.

Mr. SMITH. How much in Japan?

Colonel NORVELL. About 18,000 metric tons, sir.

Mr. SMITH. And in Korea?

Colonel NORVELL. 8,500 tons.

The CHAIRMAN. You are speaking now of deficits?

Colonel NORVELL. Yes, sir. The deficit that I just told you about is based on minimum requirements. The requirements are held down by the military government authorities in the occupied areas, to be used only for maximizing production of food.

However, with an unlimited supply of nitrogen, the occupied areas could use an additional 176,000 metric tons of nitrogen, which gives us a total shortage of about 230,000 metric tons.

The furnishing of these fertilizers, nitrogen, and other fertilizers, that we furnish to the occupied areas, and through our seed pro-

gram, we are attempting to make these occupied areas as nearly self-sufficient as possible. What we are trying to do is to relieve the taxpayer of this tremendous burden of furnishing food to the Germans, the Japanese, and Koreans.

I understand that a proposal was made, I believe in about the first part of March, that the Army ordnance production take over the civilian export program for nitrogen. I would like to call the committee's attention to the fact that that would mean an awful lot more money to the appropriation to fulfill the obligations that the United States has toward these occupied areas.

It has been estimated that a dollar invested in fertilizer will give you about the same return in food as \$5 to \$12 invested in food. So that these 61,000 tons would represent, in money, to the appropriation to purchase food somewhere between \$46,000,000 and \$110,000,000 additional, which would be required for the governments and relief in occupied areas to provide food to maintain minimum standards for the peoples in these areas.

Mr. TALLE. What is the poundage of a metric ton?

Colonel NORVELL. 2,204 pounds.

Mr. BROWN. How many plants do you have in the occupied area of Germany now?

Colonel NORVELL. I believe we have six plants.

Mr. BROWN. How many did you have there before the war?

Colonel NORVELL. I believe that is the same number that we had before the war, sir.

Mr. BROWN. How much do they produce now?

Colonel NORVELL. The estimate of production for the next fiscal year, starting on July 1, would be 230,000 tons.

Mr. BROWN. How much did these plants produce before the war?

Colonel NORVELL. The bizonal area produced 370,000 tons?

Mr. BROWN. Why are they not producing as much now as they did before the war?

Colonel NORVELL. None of the industries in any of Germany are producing as much as they did before the war. The principal reasons, in the case of these fertilizer plants, are due to shortage of limestone, shortage of labor in the mines, and antiquated mine machinery. Also shortage of transportation greatly hampers the production of fertilizer. We have also seasonal shortages in hydroelectric power. Those are just the three principal difficulties which they are having with this production.

Of course, the equipment is wearing out, steel needs replacing, and so forth.

Mr. BROWN. That is true in America, too, is it not? Equipment is wearing out here as well.

Colonel NORVELL. Yes, sir.

Mr. BROWN. How much are you furnishing Germany?

Colonel NORVELL. 47,000 tons out of the ordnance production.

Mr. BROWN. What is the total furnished by Ordnance and by industry?

Colonel NORVELL. Germany will receive a total supply, in fiscal 1949, of 311,000 tons.

Mr. BROWN. Including what we send and what they manufacture?

Colonel NORVELL. Including what we send them, what the British send them—

Mr. BROWN. How much is that?

Colonel NORVELL. The British send them 12,800 tons, and we obtain about 20,000 tons from a fertilizer plant in Austria.

Mr. BROWN. Compare that with the amount that they consumed before the war.

Colonel NORVELL. I do not know what the prewar consumption figures are, sir.

Mr. BROWN. How many factories do you have in Japan?

Colonel NORVELL. I do not know what that figure is. I do not know how many plants there are in Japan. I know that all plants that are capable of being put back into operation have been put in operation.

Mr. BROWN. Can you supply that for the record?

Colonel NORVELL. The number of plants?

Mr. BROWN. Yes.

Colonel NORVELL. Yes, sir; I can get that.

Mr. BROWN. We would like to have it.

(The information referred to is as follows:)

Two principal types of nitrogenous fertilizer are produced in Japan; ammonium sulfate and calcium cyanamide. A total of 33 plants are now in production of these fertilizers, and rehabilitation to increase their capacity is receiving the highest priority. Only one other fertilizer-producing plant was in operation before the war, however its almost complete destruction by bombing makes it uneconomical to rehabilitate.

These plants and their locations are:

AMMONIUM SULFATE

Asahi Kasei, Nobecka, Miyazaki	Nitto Kagaku, Yokohama, Kanagawa
Befu Kagaku, Befu, Hyogo	Showa Denko, Kawasaki, Kanagawa
Mitsubishi Kasei, Kurosaki, Tokuoka	Toa Gosei, Nagoya, Aichi
Nihon Hiryo, Yokkaichi, Mie	Tohoku Hiryo Akita, Akita
Nihon Suiso, Onahama, Ibaraki	Toa Gosei, Niigata, Niigata
Nippon Chisso, Minamata, Kumamoto	Toyo Koatsu, Hikoshima, Yamaguchi
Nissan Kagaku, Toyama, Toyama	Toyo Koatsu, Ozuta, Fukuoka
Nisshin Kagaku, Niihama, Ehime	Toyo Koatsu, Sunagawa Hokkaido
Nitto Kagaku, Hachinohe, Aomori	Ube Kosan, Ube, Yamaguchi

CALCIUM CYANAMIDE

Chuetsu Denki, Namerikawa, Toyama	Showa Denko, Asahigawa, Hokkaido
Denki Kagaku Kogyo, Aomi, Niigata	Showa Denko, Chichibu, Saitama
Denki Kagaku Kogyo, Omata, Fukuoka	Showa Denko, Kanose, Niigata
Ibigawa Denki Kogyo, Ogaki, Gifu	Showa Denko, Shiokuri, Nagano
Nihon Carbide Kogyo, Michishita, Toyama	Showa Denko, Royama, Toyama
Shinetsu Kagaku Kogyo, Naoetsu, Niigata	Yekkoshu, Sakata, Yamagata
Shinetsu Kagaku Kogyo, Takefu, Fukui	Tohoku Denki Seitetsu, Iwasaki, Iwate
	Tohoku Kogyo, Noda, Fukushima
	Hokkai Denka Fushiki (bombed out)

Mr. BROWN. How much are you exporting to Japan?

Colonel NORVELL. For fiscal 1949 we will furnish about 103,000 tons.

Mr. BROWN. Do you know how much they manufacture now?

Colonel NORVELL. Yes, sir; they produce about 272,000 tons indigenously.

Mr. BROWN. Do you know how much they produced before the war?

Colonel NORVELL. Yes, sir. They produced about 400,000 tons. About 250,000 tons of chemical fertilizers, and about 150,000 tons of organic fertilizers.

MR. BROWN. They cannot possibly use as much now as they did before the war, can they?

Colonel NORVELL. Yes, sir; they need more just as everybody else does. They did not have the fertilizer during the war years and the soil has been considerably depleted.

MR. BROWN. How much are you furnishing Korea?

Colonel NORVELL. We will furnish Korea in the fiscal year 1949, 105,000 tons.

MR. BROWN. What is the name of the plant in Missouri?

Colonel NORVELL. Missouri Ordnance Works at Louisiana, Mo.

MR. BROWN. With that, you could supply the quantities necessary for all export.

Colonel NORVELL. The plant in Missouri is engaged on research on synthetic fuel, which is quite an important project. It is of interest to everyone as well as the fertilizer is. It is of interest to the Army, the Navy, and the Air Force.

MR. BROWN. I understand two of those units in Missouri are idle now; is that right?

Colonel NORVELL. That is my understanding, sir.

MR. BROWN. You made some statement about saving money. I did not quite get that. Would you repeat it?

Colonel NORVELL. I believe that was when I was talking about the implications, to the program, of the Army ordnance production taking over the export commitments of the United States to other than occupied areas.

MR. BROWN. Well, don't you think the Army could take over all export commitments?

Colonel NORVELL. If I may, I would like to point out that Dr. Jacobs, who is the chemist in the Department of Agriculture, says that a ton of nitrogen will increase the yield, say, of grain, from 15 to 20 tons. This 61,000 tons of nitrogen would represent from 900,000 to 1,200,000 tons of grain that we would have to procure and ship to the occupied areas, if we did not ship this nitrogen.

MR. BROWN. How much did you say we are furnishing to Korea now?

Colonel NORVELL. I believe I said 105,000 tons.

MR. BROWN. Do they produce any in Korea?

Colonel NORVELL. No, sir, all of the fertilizer production facilities in Korea are north of the thirty-eighth parallel—that is, in the Russian occupied area. You see the historical pattern for fertilizer in Korea was this: From the southern part of Japan it was imported into southern Korea. And the plants in northern Korea exported into the more northern points in Japan to equalize the distribution.

MR. BROWN. They were supplied by whom, then, before the war?

Colonel NORVELL. The Koreans?

MR. BROWN. Yes.

Colonel NORVELL. They were supplied some from north Korea and mostly from Japan. But you see north Korea, in turn, exported to Japan.

MR. BROWN. You could relieve this situation at home if you supplied those countries outside of the occupied area. If the American farmer could get our industry production, it would be very helpful. Could you do that?

Colonel NORVELL. I would rather not answer that question. I would like to take it up with Mr. Voorhees.

Mr. BROWN. I think you ought to do that, because I believe the American farmer is entitled to more fertilizer than he is receiving.

The CHAIRMAN. Colonel Norvell, would you give us a list of the plants which you are operating in the occupied zones, and domestically, and their capacity?

Colonel NORVELL. Mr. Reynolds can give you a list of the plants that we are operating in the United States, sir. If you want the list of the plants in the occupied areas, I will have to go back and get the information.

The CHAIRMAN. Your distribution is not subject to the controls of this International Emergency Food Committee, is it?

Colonel NORVELL. No, sir. The reason it is not, is that when Mr. Voorhees took over this job of taking care of the occupied areas and discharging the obligations of the United States with regard to the occupied areas, he felt—and I believe rightly so—that we had a certain demand on the United States for resources necessary to take care of the occupied areas. We draw on the United States for food. We had a just and logical demand for fertilizer. The fertilizer was in short supply and everybody knew that that was a very bad situation—and is right now—so Mr. Voorhees had these Army ordnance plants opened up, in order to furnish fertilizer to the occupied areas. There was somewhat of an understanding between the International Emergency Food Committee and the others concerned that we would not request any of the domestically produced fertilizer from the United States for our purposes, but we would use only that which came from these ordnance plants.

Mr. BROWN. You manufactured a good deal of nitrogen which was furnished to the American farmer during the war years, did you not?

Colonel NORVELL. I would rather Mr. Reynolds answered that, sir.

Mr. REYNOLDS. It was handled through Commodity Credit.

Mr. BROWN. I know, but it came from your plants?

Mr. REYNOLDS. That is right.

Mr. BROWN. How much did you furnish?

Mr. REYNOLDS. Frankly, I do not know, because I was not here at that time. But I know they did operate.

Mr. BROWN. I wish you would put in the record how much you furnished during the war years to the American farmers.

Mr. REYNOLDS. Yes, sir.

(The information referred to is as follows:)

In response to the request of the committee, a total of 353,000 short tons of FGAN were supplied by the Ordnance Department to Commodity Credit Corporation and TVA during the period February 19, 1944 through June 1946.

The above figures represent a total of approximately 117,000 short tons of nitrogen. The maximum amount delivered in any one month during this period was 32,600 short tons of nitrate in June 1946.

It should be pointed out that since VJ-day four anhydrous ammonia plants formerly operated by the Ordnance Department have been sold or leased to private industry. These plants have a production capacity of approximately 45,000 tons (short) of anhydrous ammonia per month or 36,900 short tons of nitrogen. None of the production of these plants is being used by the Department of the Army in this current fertilizer program.

Mr. KUNKEL. Colonel Norvell, once every 2 weeks someone writes me and asks me whether the military authorities have dismantled some

fertilizer plants in Germany. Could you give a categorical answer to that question?

Colonel NORVELL. Definitely, there have been no plants, in the bi-zonal area, capable of producing fertilizer, which have been dismantled or destroyed as a result of our occupation. In fact, there are two plants, one of them was producing synthetic fuel—I am not sure what the other produced—which have been converted into the production of fertilizer.

Mr. KUNKEL. Were there any dismantled in the French zone?

Colonel NORVELL. I think not. We do have a report that none have been dismantled in the Russian zone.

Mr. KUNKEL. That is from the time the war ended to the time the occupation started?

Colonel NORVELL. That is right.

Mr. KUNKEL. Thank you.

Mr. RILEY. Mr. Chairman.

The CHAIRMAN. Mr. Riley.

Mr. RILEY. Colonel, are all the plants operated by the Army operated at capacity?

Colonel NORVELL. Yes, sir; except that we have had a fire in the Cactus Ordnance Works, which, of course, is not operating now, but it will be shortly. We have had troubles with coal, as everybody else did, during the strike, of course. But when we can, we operate them at capacity.

Mr. RILEY. How does your production compare now with the production of the same plants during the war period?

Mr. REYNOLDS. During the war period, we had eight ammonia plants. Four of those have been sold. But we are operating the other three at capacity—30,000 tons of ammonium a month. The four plants which the Army had during the war, which were sold to industry, are in commercial production. Missouri Ordnance Works has been turned over to the Bureau of Mines for solid-fuels research.

Mr. RILEY. They are in commercial production now and their output is going into the commercial field?

Mr. REYNOLDS. Yes, sir.

Mr. RILEY. What about the production of these plants which you are operating now? How does their production compare with their production during the war period?

Mr. REYNOLDS. The production at Morgantown is about 1,500 to 2,000 tons a month under peak capacity during the war, and they are still making adjustments. It is gradually coming back, but we do not feel that it will ever again have that capacity, because it was operating pretty hard during the war. The other plants are making as much as they made during the war.

Mr. RILEY. That plant, then, would be producing about 15,000 to 20,000 tons per year less than it produced during the war period?

Mr. REYNOLDS. That is right. About that.

Mr. RILEY. Why could that not be stepped up to the same production as during the war?

Mr. REYNOLDS. Largely because a great deal of the equipment is badly worn. We are making repairs and keeping up maintenance as fast as we can to try to get production up and it is getting there gradually. We are doing everything possible to bring it back.

Mr. RILEY. And the other plant which is not now in production, what will that be used for?

Mr. REYNOLDS. The one at Cactus?

Mr. RILEY. Yes.

Mr. REYNOLDS. That plant is supposed to start in production about the 1st of June. The fire occurred on March 6 and shut the plant down completely.

Mr. RILEY. How much will that plant produce?

Mr. REYNOLDS. About 6,500 tons a month. That plant is now up for lease, and we hope it will be leased within the next month, and the lessee will complete a second unit which will probably take 9 months to a year to complete, which will increase the capacity about 5,500 tons a month.

Mr. RILEY. And that production will be used for the Army entirely?

Colonel NORVELL. Yes. That has been taken into account in the imports I told you about.

Mr. BROWN. It is my understanding that the American farmers were getting from Ordnance 15,000 tons per month of solid nitrogen during the war. Now they are receiving none from the same plants. If this statement is not correct, I wish you would correct it.

Mr. REYNOLDS. Mr. Brown, these four plants which were sold to industry have a capacity of about 36,000 or 37,000 tons of nitrogen a month. Those have been turned over to industry.

Mr. SPENCE. How many plants does the Government own which produce nitrogen, and what has been their production?

Mr. REYNOLDS. Do you mean at the present time?

Mr. SPENCE. I say how many plants does the Government own now which produce nitrogen artificially?

Mr. REYNOLDS. The Ordnance Department has three.

Mr. SPENCE. What do they produce?

Mr. REYNOLDS. Anhydrous ammonia.

Mr. SPENCE. How much do they produce?

Mr. REYNOLDS. When Cactus is back in operation and we have all the plants in full production, there will be about 30,000 tons a month of ammonia, and that is between 24,000 and 25,000 tons of nitrogen.

Mr. SPENCE. What does it cost to produce a ton of nitrogen in each plant as compared with the natural product?

Mr. REYNOLDS. Our prices vary quite a bit. The plant in Cactus, the one where we had the fire, is a very low-cost producing plant. It produces nitrogen for about 50 percent of the cost of the other two plants. It is operated on natural gas and the other two are operated on coke.

Mr. SPENCE. Could you not give a comparison generally as to what it costs to produce it artificially as compared to the natural product?

Mr. REYNOLDS. I would say our production costs, for the three plants, are a little under the commercial price. That, of course, is out-of-pocket cost.

The CHAIRMAN. Can you tell us how many plants you are operating domestically and in the occupied zones, or anywhere where you operate plants, and their output?

Colonel NORVELL. I prefer, if I may, to combine that all in one statement. However, Mr. Reynolds can give you now the plants which are being operated by the Ordnance Department, if you wish. Those for the occupied areas, I will have to go back and assemble for you.

Mr. REYNOLDS. We are operating three ammonia plants, one at Morgantown, one at West Henderson, Ky., and one at Etter, Tex., and

we have three solution plants which make the ammonium nitrate solution, one at Joliet, Ill., one at Charlestown, Ind., and one in Radford, Va. We have graining plants at Fremont, Nebr., Ravenna, Ohio, Carbondale, Ill., and Burlington, Iowa. We have a total of 10 plants. We have three ammonia plants, three plants which produce solution, and the last four were those which make it into the solid product.

The CHAIRMAN. What has been your production in the domestic plants?

Mr. REYNOLDS. Our total production is about 60,000 to 65,000 tons a month of ammonium nitrate, which is about 20,000 to 22,000 tons in the form of ammonium nitrate.

The CHAIRMAN. Is any of that domestic production reserved or allocated to domestic consumption?

Mr. REYNOLDS. Any of our production?

The CHAIRMAN. Yes.

Mr. REYNOLDS. No, sir; none.

The CHAIRMAN. What plants do you operate in the occupied zones or anywhere else in the world?

Colonel NORVELL. I will have to give you that list later, sir. I do not have it here.

The CHAIRMAN. Will you give us the list and the production?

Colonel NORVELL. Yes, sir.

Mr. SPENCE. And the comparative cost?

Colonel NORVELL. Yes, sir.

(The information referred to is as follows:)

ARMY ORDNANCE PLANTS OPERATING IN ARMY FERTILIZER PROGRAM

1. AMMONIA PLANTS

Three ammonia plants operate in the Army fertilizer program for the occupied areas. These three are the only nitrogen producing plants and all other plants process the nitrogen from these three. For this reason, they are the only ones that have a bearing on the total production. These plants are:

	<i>Short tons per year</i>
Morgantown Ordnance Works, Morgantown, W. Va.....	175,000
Ohio River Ordnance Works, West Henderson, Ky.....	57,000
Cactus Ordnance Works, Etter, Tex.....	69,000
Total	301,000

It should be noted that there is considerable loss of nitrogen in the conversion of anhydrous ammonia to the finished product. Experience shows this loss to be a little over 13 percent. This gives a total nitrogen available in ammonium nitrate produced of about 260,000 short tons per year.

2. AMMONIUM NITRATE SOLUTION AND GRAINING PLANTS

As stated above, these plants are useless without anhydrous ammonia. Their capacities are of no consequence since processing capacities are no problem to the Department of the Army, or, it is believed, to commercial producers. These plants are:

	<i>Type plant</i>
Joliet Arsenal, Joliet, Ill.....	Solution.
Indiana Arsenal, Charlestown, Ind.....	Do.
Radford Arsenal, Radford, Va.....	Do.
Nebraska Ordnance Plant, Fremont, Nebr.....	Graining.
Iowa Ordnance Plant, Burlington, Iowa.....	Do.
Illinois Ordnance Plant, Carbondale, Ill.....	Do.
Ravenna Arsenal, Ravenna, Ohio.....	Do.

3. WARTIME AMMONIA PLANTS NOT NOW OPERATED BY THE ARMY

Five ammonia plants operated in the Army's wartime munitions program have been disposed of through lease or sale. Some of these plants were operated by the Ordnance Department for the Commodity Credit Corporation during the period February 19, 1944, through June 1946. During this period a total of 353,000 short tons of fertilizer grade ammonium nitrate were sold to the Commodity Credit Corporation and Tennessee Valley authorities. This represents approximately 117,000 short tons of nitrogen.

It should be pointed out that since the cessation of hostilities, four of these plants are now being operated by private industry. These plants have a production capacity of about 37,000 short tons of nitrogen and that all of the production of these plants is being used commercially.

These plants are:

Present operator

Buckeye Ordnance Works, South Point, Ohio---	Atmospheric Nitrogen Corp.
Ozark Ordnance Works, El Dorado Ark-----	Lion Oil Co.
Dixie Ordnance Works, Sterlington, La-----	Commercial Solvents Corp.
Jayhawk Ordnance Works, Pittsburg, Kans----	Spencer Chemical Co.
Missouri Ordnance Works, Louisiana, Mo-----	Bureau of Mines (not producing ammonia).

4. NITROGENOUS FERTILIZER PLANTS IN BIZONAL GERMANY

There are five plants in bizonal Germany capable of production of synthetic ammonia. The present capacities of these plants, in metric tons of nitrogen, are:

Hibernia -----	61,000
Ruhr-Chemie -----	36,000
Victor -----	39,000
Ewald -----	16,000
Wesseling -----	45,000
Total -----	197,000

The plant at Wesseling was designed for production of synthetic fuels. This plant has recently been converted to the production of anhydrous ammonia.

The first three plants listed above—Hibernia, Ruhr-Chemie, and Victor—have facilities for production of finished fertilizers. Three other plants—Köln-Kalk, Hoechst, and Langelsheim—process ammonia into finished fertilizers. The Langelsheim plant is being converted from a concentrated nitric acid plant to the production of calcium ammonium nitrate. Present capacities of these plants are:

Hibernia -----	30,000
Ruhr-Chemie -----	34,000
Victor -----	25,000
Köln-Kalk -----	17,000
Hoechst -----	40,000
Langelsheim -----	0
Total -----	146,000

There are two calcium cyanamide plants. These plants and present capacities are:

Trostberg -----	40,000
Knapsack -----	20,000
Total -----	60,000

Total present capacity for production of synthetic nitrogen fertilizers is 206,000 metric tons. It is expected that capacities will be increased during fiscal year 1949 to 244,000 metric tons.

In addition to the above plants, a byproduct, ammonium sulfate, is obtained from the coke ovens. Estimated nitrogen obtainable from this source is 25,000 metric tons during fiscal year 1948 and 40,000 tons during fiscal year 1949.

Estimated indigenous production of nitrogenous fertilizers for fiscal year 1948 is 185,000 metric tons contained nitrogen and for fiscal year 1949, 230,000 tons.

Production will not reach capacity for the following reasons: (a) Shortage of limestone due to shortages of quarry machinery, electric power, and labor; (b) inadequacy of transportation; (c) seasonal shortages of hydroelectric power; (d) shortages of labor. In some of the plants, up to 25 percent of the labor force must be utilized for repair and rehabilitation of badly damaged facilities and equipment.

5. NITROGENOUS FERTILIZER PLANTS IN JAPAN

Individual plant names and locations are shown on the table appearing on page 209.

Present operable plant capacity totals approximately 475,000 metric tons contained nitrogen. It is expected that capacity will be increased to approximately 500,000 tons during fiscal year 1949.

Because of inadequacy of transportation, shortages of coal, electric power, and sulfuric acid, and shortages of technologically skilled labor, production will fall far short of capacity. Nitrogenous fertilizer production is expected to reach about 216,000 metric tons contained nitrogen during fiscal year 1948 and 270,000 during fiscal year 1949.

6. FERTILIZER PLANT FACILITIES IN THE RYUKYUS AND SOUTH KOREA

Facilities for the production of fertilizers in the Ryukyus and Korea, south of the 38th parallel, are negligible.

Colonel NORVELL. I think it would be impossible to give a comparative cost of the plants operated in the occupied areas.

Mr. SPENCE. In the case of those that are occupied domestically, could you give us the comparative cost between the production of a ton of nitrogen in those plants and the cost of the natural products?

Colonel NORVELL. We can give you the cost to the appropriation of operating these ordnance plants, and we can reduce it to a price per ton of nitrogen. However, that does not include, for instance, the overhead. A lot of the supervisory personnel have to work in connection with these plants, that is, when they do it in addition to their other duties. The cost we will give you will represent the out-of-pocket expense, to the appropriation cost, without including, for instance, my salary, deterioration on the plants, and interest on the investment, and so forth.

Mr. RILEY. Mr. Chairman.

The CHAIRMAN. Mr. Riley.

Mr. RILEY. These four plants that were sold; do you know whether that output is going into the industrial field or to the farmers of the country?

Colonel NORVELL. No, sir; I could not tell you that. Probably the Department of Agriculture can answer that question.

Mr. RILEY. Does the Army distribute nitrogen in the occupied areas free of charge to the farmers, or do they get paid for it?

Colonel NORVELL. They get paid in the currency of the occupied country for it, sir.

Mr. RILEY. Thank you.

Mr. SMITH. Colonel, who determines the amount of fertilizer that you ship to the occupied areas? Is that a matter of statute?

Colonel NORVELL. No, sir; the amount that we can ship is determined by what we can produce in our ordnance plants, with the exception of the fertilizer which I told you about which came from Austria and from the United Kingdom. But they do not meet our requirements, so the amount we ship is determined by the amount we can produce.

Mr. SMITH. Who fixes the requirements?

Colonel NORVELL. They are fixed in the theaters, first, by the native experts making a study and determining how much they require. Those requirements are screened by the military government authorities. And Mr. Voorhees has sent into the field a committee of experts to further check on the requirements to see that they are actually in line with real needs. Actually, they find that the requirements, as submitted by the occupied areas, are a little bit low.

I would like to tell you who was on this committee: Dr. Jacobs, of the Department of Agriculture; Dr. Cummins, of North Carolina State College; and Major Reddington, from Mr. Voorhees' office.

Mr. SMITH. I am still not clear as to how the Army acquires this authority.

Colonel NORVELL. How we acquire the authority to ship this fertilizer?

Mr. SMITH. Yes.

Colonel NORVELL. That comes in the appropriation, sir. Moneys are appropriated for the operation of these plants, to be used in the occupied areas.

Mr. SMITH. Is it a war activity?

Colonel NORVELL. No, sir; it is a civilian activity. The responsibility rests in the Department of the Army only because the President, immediately after the war, designated the Army as the agency for discharging it. But our appropriations are separate from the appropriations for the armed forces.

Mr. SMITH. Do you say that the Department of Agriculture, then, is responsible for the shipments?

Colonel NORVELL. No, sir; the Department of the Army is responsible for it. The Department of the Army is responsible for preventing disease and unrest in the occupied areas.

Mr. SMITH. Who originally directed the Army to carry out this function? That is what I want to know.

Colonel NORVELL. It is my understanding that the President did, sir.

Mr. SMITH. Then it is a Presidential decree. That is what I was trying to find out.

Colonel NORVELL. That is my understanding; yes, sir.

Mr. SMITH. You are engaged in an activity which has the effect of making a great saving. You say if we did not send this fertilizer, we would have to send food, which would cost the American people a great deal more. Is that what you said?

Colonel NORVELL. Yes, sir; we would have to get the food somewhere for export.

Mr. SMITH. It seems to me you are working somewhat at cross purposes with the European recovery program.

Colonel NORVELL. No, sir; we are completely integrated with the European recovery program.

Mr. SMITH. One of the main purposes of the European recovery program is to dispose of American agricultural products. Now, you are working on a program to cut down exports of agricultural products. How do you figure that?

Colonel NORVELL. My understanding of the European recovery program, sir, is that it is for the economic recovery of Europe, and we

are integrated within the economic recovery program for Europe by furnishing certain standards of living, which we must maintain, in Germany. The European recovery program goes on beyond what we do. In other words, they go in for industrial recovery, and so forth. We do not go in for anything in the industrial line, with the exception of maximizing fertilizer production, and such things as that.

Mr. TABER. What we, in effect, do is to sort of integrate inconsistencies; is that about the way it works out?

Colonel NORVELL. I did not understand your statement, sir.

Mr. SMITH. We integrate inconsistencies.

Colonel NORVELL. Integrate inconsistencies?

Mr. SMITH. Yes.

Colonel NORVELL. I do not believe so, sir.

Mr. BROWN. Have you received your appropriation for the fiscal year 1949?

Colonel NORVELL. No, sir.

Mr. TALLE. Colonel Norvell, will you tell me how long you can continue this program with the money already available and appropriated to you?

Colonel NORVELL. This program will stop on June 30 if we are not given additional funds. We appropriate for 1 year at a time, sir, in other words.

Mr. TALLE. That would be June 30, 1948?

Colonel NORVELL. Yes, sir. We get our appropriation for one fiscal year at a time.

Mr. TALLE. And you are now interested in authority to carry on for another year; is that right?

Colonel NORVELL. Yes, sir.

Mr. TALLE. Do you recall the appropriation figure in the current appropriation bill for this purpose?

Colonel NORVELL. I do not know what the over-all figure is for 1948, sir. But for 1949 we have made a request of \$1,250,000,000.

Mr. TALLE. Has the Army considered how long it may want to continue a program of this character?

Colonel NORVELL. I cannot answer that, sir, because I think that is tied up with the present treaties, and so forth. However, we do have a program to reduce the cost of this thing. I would like to point out, at this time, if I may that the per capita cost for food in fiscal year 1948 in Germany was \$17.12. That is what it cost the Government in the occupied areas to take care of one German for the fiscal year 1948.

For fiscal 1949, that will be reduced to \$15.95.

In Japan, we have gone from \$5.63 in 1948 to \$5.41 in 1949, and in Korea, we go from \$6.05 in 1948 to \$3.89 in 1949. That is the cost to take care of one native.

Mr. BROWN. You stated that you are asking for the sum of \$1,250,000,000 for the manufacture and distribution of this fertilizer; is that right?

Colonel NORVELL. Oh, no, sir; that is the entire appropriation for Government relief in occupied areas.

Mr. BROWN. Well, how much for fertilizer?

Colonel NORVELL. For fertilizer, it will be about—

Mr. BROWN. Will you supply, for the record, your cost compared with the cost of private enterprise engaged in the manufacture of fertilizer?

Colonel NORVELL. Yes, sir.

(The information referred to is as follows:)

Comparative cost of Army ordnance produced fertilizer with that produced commercially.

1. The weighted average cost of fertilizer grade ammonium nitrate produced in Army ordnance plants is \$54 per short ton f. o. b. plants. The cost is the "out of pocket" funds required for production and includes none of the so-called overhead expenses such as insurance, depreciation, interest on investment or amortization. It is estimated that these items would increase production costs by 25 percent. The production cost based on commercial standards per short ton of ammonium nitrate is therefore estimated to be \$67.50.

2. It is estimated that the current commercial price for fertilizer grade ammonium nitrate is from \$50 to \$52.50 per short ton.

3. The main reason for the greater cost of Army ordnance produced ammonium nitrate over commercial prices is that the ordnance plants were designed to produce munitions and were strategically located in the best interests of security. This requires two separate hauls by rail before ammonium nitrate is finally produced. The anhydrous ammonia must be hauled from the plant where it is produced to an ammonium nitrate solution plant where it is made into solution. From here it is hauled to a graining plant where the solid fertilizer is produced.

In commercial operations, generally, all these operations are completed at one location.

Colonel NORVELL. The cost of a ton of ordnance-produced ammonium nitrate, per short ton, is about \$64 delivered at Port Theodore, Ala., where we ship it overseas. That does not include, I would like to point out again, the overhead that is incident to running this job; personnel in the Department of the Army, who do the job of supervising ordnance production and do other jobs along with it.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. Insofar as you know, then, Colonel Norvell, this program is likely to be continued until such time as peace treaties have been approved?

Colonel NORVELL. Are you speaking about the Government relief in occupied areas program or the Army ordnance program?

Mr. TALLE. I have in mind that we furnish fertilizer to Germany, Korea, Japan—the occupied areas.

Colonel NORVELL. According to our present estimates, fiscal year 1950 will be the last year in which we will have to furnish fertilizer to the occupied areas.

Mr. TALLE. You expect the foreign program to be concluded in 1950?

Colonel NORVELL. The use of Army ordnance plants to produce fertilizer for shipments to the occupied areas, at the end of 1950, will be no longer required.

Mr. TALLE. Thank you.

Mr. BANTA. May I inquire, Mr. Chairman?

The CHAIRMAN. Mr. Banta.

Mr. BANTA. I think it was Mr. Brown who asked you what the prewar consumption of nitrogen in Germany was, and you said you did not have those figures. I assume likewise that you do not know what the prewar consumption was in either Japan or Korea; is that right?

Colonel NORVELL. No, sir; I do not.

Mr. BANTA. You do not have that?

Colonel NORVELL. Do you want me to see if I can get that information for you?

Mr. BANTA. Are those figures not available to you so that you can supply them to the committee?

Colonel NORVELL. If they are not in my office, I can get them from the theater.

Mr. BANTA. I would like to have them.

Colonel NORVELL. Very well, sir.

(The information referred to is as follows:)

Prewar consumption of nitrogenous fertilizers in the occupied areas, in metric tons of contained nitrogen

Country	Average, 5 years, 1935-39	Fertilizer year, 1938-39
Bizonal Germany.....		
Japan.....	¹ 255, 000	303, 400
South Korea.....	413, 360	462, 400
	70, 707	78, 823

¹ Estimated.

The CHAIRMAN. Thank you, Colonel, for your contribution to these hearings. You may furnish the information requested and present any further supplemental statement you may desire to present.

Colonel NORVELL. Thank you, sir.

The CHAIRMAN. The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon at 12 m., the committee recessed, to reconvene at 10 a. m., Friday, May 21, 1948.)

EXTENSION OF SECOND DECONTROL ACT

FRIDAY, MAY 21, 1948

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee reconvened pursuant to adjournment at 10 a. m., Hon. Jesse P. Wolcott, chairman, presiding.

Present: Messrs. Wolcott, Gamble, Smith, Kunkel, Talle, McMillen, Kilburn, Buffett, Hull, Stratton, Nicholson, Spence, Brown, Monroney, Folger, Riley, and Buchanan.

The CHAIRMAN. The committee will come to order. We will proceed with the consideration of H. R. 6571.

We have with us this morning Senator Morse of Oregon. Senator, we are very happy to have you proceed.

STATEMENT OF SENATOR WAYNE MORSE, OF OREGON

Senator MORSE. Mr. Chairman and members of the Committee, it is very kind of you to hear me. I shall only take two or three minutes, because I am sure what I have to say is cumulative. It is in support of what my colleague, Congressman Norblad, has already put into the record.

I only want to say that on the Senate side Senator Cordon of Oregon and I have introduced an amendment to this act, identical with the amendment introduced by Congressman Norblad. I want to say further that we are perfectly willing to have the amendment modified in any form that the Committee thinks it should be in order to accomplish the objective which we have in mind and which I am sure the Committee will find is a meritorious objective.

Briefly, I want to say this: I am sure I do not have to tell this Committee that we are confronted with a very serious fertilizer shortage in this country. One of the bottlenecks is the lack of anhydrous ammonia. We cannot secure the necessary quantities of anhydrous ammonia under the present arrangements, so the Oregon delegation, under the information given to us by Mr. Clay Cochran, who is the manager of the Salem, Oreg., Chamber of Commerce, but who is also Chairman of a committee appointed by the Governors' conference of the 11 western States to come to Washington and see whether anything could be done about getting an increase in the supply of anhydrous ammonia for the agricultural areas of the country, on the basis of that information, we went to the Department of Commerce and we were ably assisted there by Mr. William Hart, who has already testified before this Committee. We asked him about the possibility

of amending the Act before you in a manner which might make it possible for the farmers to get more anhydrous ammonia.

As a result of our conference with Mr. Hart, and with no assurance from him at all that this amendment will necessarily give the farmers the anhydrous ammonia they need, but with the assurance that it would, from an administrative standpoint, make it possible to work out arrangements with industrial concerns in this country for the setting aside of some additional anhydrous ammonia—and he told us that if we could only get an increase of 3 to 5 percent, it would do the job, at least for the immediate future—we offered this amendment.

I need not tell the Members of the House that there is a growing feeling in the agricultural areas that it is not sound policy for us to ship the great quantities of fertilizer abroad which we are shipping from our Army plants to Europe, with a resulting depletion of American farms. I am perfectly aware of the argument that can be made on the other side of that premise, namely, that it is cheaper to ship the fertilizer than it is to ship the food itself, but what is happening, particularly in the western part of the country, and also in some sections of the South, is a serious depletion in the land supporting our fruit crops. They require a large quantity of nitrogen fertilizer, it cannot be supplied without the anhydrous ammonia increase, as far as our commercial fertilizer plants which are serving the farmers are concerned.

And it is because of our honest belief that this amendment will make it possible from an administrative standpoint to work out by way of negotiations with commercial concerns, a larger set-aside of this anhydrous ammonia; that we plead with this committee to issue a favorable report either on our amendment in its present form or on a modification which the committee feels will do the job.

I close with only one other thing, and that is by way of calling attention to a factual situation concerning the present allocations of anhydrous ammonia. The chart supplied to us by Mr. William Hart of the Department of Commerce shows that out of 475,000 tons of anhydrous ammonia, agriculture today is getting 12.3 percent, or in round numbers, 112,000 tons, whereas industrial concerns are getting 363,000 tons. I recognize the great need of anhydrous ammonia for industrial manufacture, but I say that from the standpoint of long-term national security in this country, we must recognize that the greatest defense weapon we have is the fertility of the individual farm in America. When all is said and done, it is the individual farm which is our greatest defense weapon, and we cannot, in my opinion, deny the overwhelming evidence to the effect that the fertilization of our farms is declining at an alarming rate in our country. I feel, therefore, that it behooves the Congress, to meet this demand of the farmers, to do everything within reason to see to it that our supplies of nitrogen fertilizer for farmers is increased and it cannot be done, gentlemen, unless we increase the supply of anhydrous ammonia.

I will be glad to answer any questions, but all I am doing at this time is pleading for the increase in the amount of this type of substance necessary for the purpose.

The CHAIRMAN. You feel that the Norblad amendment will accomplish that purpose?

Senator MORSE. Yes, sir; and it is identical with the Cordon-Morse amendment on the Senate side.

The CHAIRMAN. Are there questions?

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. Senator Morse, do you agree with me that the American people have been rather careless and reckless with our natural resources?

Senator MORSE. I have said that, Congressman, many times on the floor of the Senate. I am in complete agreement with you.

Mr. TALLE. I recall reading a report on lumber, for instance, prior to World War I. Somebody calculated that $2\frac{1}{2}$ billion board feet had been lost because thick blades had been used rather than thin ones in the mills. I will not go into details of that sort, but of all our natural resources is it not true that our soil is most valuable?

Senator MORSE. There is no question about it, and we have to be careful that in some sections of our country we do not develop another eroded China. And I can take you to sections of the country where that is fast becoming a fact.

Mr. TALLE. Yes. I have seen some of those sections. You have made a good point in speaking of the individual farm. That is small business at its best, is it not?

Senator MORSE. In my judgment, it is.

Mr. TALLE. There is much talk about helping small business. Here is a chance to do something about it.

Senator MORSE. I am recommending that we try to do it in this way.

Mr. TALLE. That is all; thank you.

Mr. BROWN. Senator, I understand that during the war years the Army supplied the American farmers 15,000 tons per month. Today it is not supplying American farmers anything.

Senator MORSE. All the Army product is going to Europe. Our delegation has spoken with the Army officials, and I am glad to have the record show that we also were with Mr. Steelman at the White House. We have presented to Mr. Steelman the facts as they have been made available to us, and he has assured us that he is going to go into a "look-see," as he put it, with regard to it, and call us down for a further conference. Because he agreed with us on the principle that something must be done to stop this depletion of fertilization of our farms.

Mr. BROWN. Some of us on this committee feel that the Army could supply the needs of unoccupied as well as occupied areas.

Senator MORSE. In our conference with the Army, we asked them what they were doing about building up the fertilizer plants in Europe, and what they were doing about stopping the dismantling of any fertilizer plants, and by way of summary their statement was that they were trying to build up those fertilizer plants in the occupied areas. But it is my judgment that although they make a strong case for shipping fertilizer to the occupied areas, it is not good enough when you look at the fact that by shipping all that fertilizer, we can go into sections of our own country and see the tremendous damage which is being done to our own land. My position on all these foreign questions is always a position of national self-interest first, and I most respectfully said to the Army that I did not think that we do justify shipping all that fertilizer without setting aside this small quantity for our own farmers first. I said to Mr. Steelman the other

day that from the standpoint of our international policy, we people in the Congress are faced with the fact—and I believe it is a fact—of a growing feeling which is developing in this country to the effect that we are not giving sufficient interest to our national self-interest first. Of course, that is going to have its repercussions on the foreign policy we may be called upon to approve in months to come if, for example, our farmers all over the country get the idea—and the facts are there to justify the idea at the present time—that they are being penalized in order to build up land in Europe.

Mr. BROWN. I agree with you. I am for your amendment.

Mr. KUNKEL. Senator, you spoke about the Army dismantling plants in the occupied areas. When Colonel Norvell was here, I asked him if he could give a categorical answer to the question as to whether they had dismantled any fertilizer plants, and he said definitely not since the time we took over at the end of the war. When you make that reference, I wonder if you have any knowledge of plants having been dismantled.

Senator MORSE. Mr. Congressman, I did not make myself clear. In our conference with the Army, we put that query to them: What are you doing about this problem of dismantling plants and what are you doing about rehabilitating as rapidly as possible the plants which were damaged or destroyed? They made the same statement to us that they made to you, namely, that they have not shipped out any of those plants from the American occupied area, and that they are building up, as rapidly as they can, the damaged plants. If I did not make that clear, I meant to.

As as what has happened in the Russian zone, no one in the Army seemed to be able to give us any information. I think we probably would find that a great many of those plants have disappeared.

Mr. KUNKEL. That is not our responsibility, but the reason I brought up that relatively minor point is because it has been one on which there is a great deal of interest in my home district. I get letters on it all the time, and I would like to be in a position to make to those letters the answer which Colonel Norvell gave us in this Committee yesterday.

Senator MORSE. In our conference with Mr. Steelman, we also raised the point—and we thought that was a matter that ought to be looked into, and I assume that when we meet with him again, he representing the administration above the Army will give us a definite statement on it.

Mr. KUNKEL. Thank you very much.

The CHAIRMAN. Are there further questions?

Mr. NICKOLSON. Mr. Chairman.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. They told this committee that the machinery was deteriorating and the reason they could not produce so much was because they could not get the machinery, they could not get the transportation, and they could not get the limestone. If it is deteriorating, they are certainly not building up that capacity.

Senator MORSE. They did not give us that information.

Mr. NICHOLSON. I believe that was testified to here yesterday.

Senator MORSE. I would like to respectfully suggest to the committee that it make inquiry into the situation which exists in a plant which

has been turned over to the Bureau of Mines, known as the Louisiana, Mo., plant in which, I understand, there are some two or three trains, so-called trains or lines, or pieces of equipment for the manufacture of anhydrous ammonia presently standing idle. If that is true—and we have asked for further information on it—if that is true, as we said to Mr. Steelman the other day—and we asked him to secure some information on that point also—then, I think we ought to look into the possibility of putting that plant into full operation for the manufacture of anhydrous ammonia. I can see no justification at the present time for any so-called anhydrous ammonia train standing idle in this country with our farmers demanding more production of this vital substance.

Mr. MONRONEY. Senator, is it not a fact that we could manufacture a great deal more except for the fact that you have to work back and forth between three or four plants separated by considerable distance, so that it is an expensive and, perhaps, under ordinary conditions, an uneconomic operation, because these war plants are not integrated for the manufacture of ammonia?

Senator MORSE. Yes, they were built during the war with security considerations in mind, because we wanted to diversify and separate some of our vital industries in case of air attack. That is the information which was given to us. This conference of governors of the 11 Western States, through Mr. Cochran, is making strong representations for the consideration of allocation of an anhydrous ammonia plant in the West, so that this cost of transportation of the anhydrous ammonia to the so-called base plant can be decreased and the final product produced at a cheaper rate. But that is a long-range problem. Our immediate problem is to get some amendment which we hope, administratively, will make it possible to set aside a larger quantity of anhydrous ammonia for existing plants.

Mr. MONRONEY. But you would favor, even though it cost more than normal production of ammonia would cost, the use of any idle plants, even though the price was out of line with current going prices?

Senator MORSE. For this emergency period, by all means, I would favor that, until we can get, in the western section of the country, an anhydrous ammonia plant.

Mr. MONRONEY. The Appropriations Committee could probably take care of a considerable amount of additional production if they were willing to yield on that point, and instruct the War Department to use now idle facilities which can give us more of this product, even at a higher cost.

Senator MORSE. Yes, I think that is true. But may I say, Mr. Congressman, that as a member of the Armed Services Committee of the Senate, I do not think it would bankrupt the Military Establishment itself, if they were within the existing appropriations to go ahead and help the farmers out to this extent.

The CHAIRMAN. Are there further questions of Senator Morse?
(No response.)

The CHAIRMAN. If not, thank you very much, Senator Morse.

Senator MORSE. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Abernethy.

STATEMENT OF HON. THOMAS G. ABERNETHY, A REPRESENTATIVE
IN CONGRESS FROM THE FOURTH DISTRICT OF MISSISSIPPI

Mr. ABERNETHY. Mr. Chairman, I appreciate the privilege of appearing with reference to the nitrogenous situation in the country, and I hesitate to impose further on this committee inasmuch as I testified for an entire morning on March 1. But this is a matter which I have wrestled with as diligently, if I may say, in all humility, as any other Member of Congress for the past 18 months. I feel that I know something about it, and I am grateful for the opportunity of imparting to the committee such knowledge and information as I have been able to gain on this subject.

I was delighted to hear Senator Morse, who is recognized throughout the country as a great liberal, express the fear that we are more or less going overboard in some of the export programs, particularly with reference to nitrogen. In substance, we are exporting the fertility of our soil, in the form of corn, wheat, and other crops grown by the American farmer.

The Department of Agriculture is continuously calling upon the American farmer to produce unusual quantities of food and fiber, and as they meet those goals, which they have met throughout the war, they deplete their soil to a very, very dangerous extent. Therefore, the subject of nitrogen is more important to our farmer today than it has ever been in the history of this country.

Speaking directly to the Norblad amendment, I do not oppose the Norblad amendment. On the other hand, I must say, when I say that I favor it, that, candidly, I am afraid it will not help the situation very much.

As the Senator has pointed out, there are 475,000 tons of anhydrous ammonia produced in the country each year, approximately that amount. Anhydrous ammonia is the solution base for sulfate of ammonia, and ammonium nitrate. The Department of Commerce, in carrying on its export program, cannot ship anhydrous ammonia. In the first place, they do not have the containers. If they did have the containers, after it reached the foreign countries which we are supplying through export, they could not use it because they do not have the facilities to spread it.

The Norblad amendment proposes that the Department of Commerce may tap this solution of anhydrous ammonia, and then carry it, as I understand, to a graining plant, where it will be turned into the form of solid, such as ammonium nitrate, and then be exported under the export program.

If you will recall, in my previous testimony I pointed out that although the export program required only 7 percent of the entire nitrogenous output in the country. Exclusive of Ordnance output, there is a discrimination which exists against those who manufacture solid, and some plants have been called upon to export as much as 30 percent of their products. If the Department of Commerce is permitted to tap anhydrous ammonia, there is not a thing in the world to prevent the manufacturers of anhydrous ammonia from charging that against the 12.3 percent which it allocates to agriculture. In other words, there are no controls, none whatsoever, on the manufacturers of anhydrous ammonia as to what amount they shall allocate to industry, and the amount which they may allocate to agriculture. They are

privileged to make those allocations on any percentages they see fit.

So if the Norblad amendment is accepted, industry still could say "We are going to charge the amount that you have requisitioned for export, to the amount which we are now allotting to agriculture," which would mean that there would be that much less of the grain material produced.

I have been told that the Department of Commerce may be able to write some regulation to prevent that, but I have not been assured, and neither has the committee been assured, that they could write some regulation to prevent it. Therefore, I say, Mr. Chairman and gentlemen of the committee, that it is questionable in my mind as to whether or not it will help the situation, although I do not oppose it, because I do not think it could possibly harm the situation to the slightest degree.

On March 1, I proposed to this committee that the export program be absorbed by Ordnance. I have not changed my views as to whether or not Ordnance can absorb that program. I do not want to bore the committee with figures, but I must submit a few figures, in the brief time that I will consume.

The total production of pure nitrogen in the country is 1,126,712 tons per annum. The Secretary of Agriculture notified me about 3 months ago, and it is now in the form of a bulletin published by the Department of Agriculture, that the American farmer needed and required 1,160,000 tons of nitrogen per year. If every pound of nitrogen manufactured by industry by the Ordnance and that which is exported, were turned over to the American farmer, he would still be short around 30,000 to 35,000 tons. That is an undisputed fact. The figure of 1,160,000 tons appears in the bulletin issued by the Department of Agriculture entitled "Fertilizer Situation for 1947-48." That bulletin was issued subsequent to the investigation which my committee conducted on this subject, and in this bulletin the Secretary states that the American farmer needs 1,160,000 tons of nitrogen per year. I repeat—if every pound available in this country were made available to the American farmer, he would still be short 33,088 tons.

Of the 1,126,712 tons which is manufactured and imported into this country, we are exporting today nearly 28 percent. To be exact, we are exporting 27.8 percent. We are exporting 253,412 tons manufactured by the Army, every pound that it manufactures goes to export to the occupied countries, and we are exporting 61,160 tons for the fiscal year 1948, under the export program. That comes to a total of 314,572 tons, which we are sending abroad this year.

While we are doing that, here is a 28-page list, single spaced, of farmers in seven counties of my State, which list itself is incomplete, more than a thousand of them, which is exemplary of the situation existing in my State as well as others, who have not received 1 pound of nitrogen this year. Not a pound. The list includes the names, the addresses, and the acreage worked by these farmers. Not one single pound of nitrogen have they received this year.

During the war, the Department of Agriculture had the authority to impound the surplus of ammonia produced by the Ordnance plants, and by virtue of that authority 15,000 tons per month, preceding VJ-day, were made available to the American farmer, in addition to that quantity which was made available by industry.

I am absolutely satisfied, Mr. Chairman, and members of the committee, that the Army can absorb this program. If they absorb the program, it will still leave 192,000 tons of pure nitrogen available for Germany, Japan, and Korea. I pointed out in my testimony before this committee, and I will not go into the details again, that the American farmer today was receiving a fraction better than 70 percent of his required need, according to what the Secretary of Agriculture says he needs. I pointed out that the German farmer was receiving a fraction better than 80 percent of what he needs, according to what the Army says, but according to the Secretary of Agriculture, he is receiving 96 percent of his needs. The German farmer is now getting about 43 pounds of nitrogen per acre as against 4 pounds for the American farmer.

Of that 43 pounds, we are supplying him 6.8 pounds, leaving about 36 or 37 pounds which he gets from other sources. Those other sources are, among others, the six plants which are located in the bizonal area. Not one of those plants was destroyed during the war. Every one of them is now in operation. Every one of them. The German has the same facilities, and the same plants, available to him now that he had before the war.

The CHAIRMAN. Mr. Abernethy, is that 96 percent exclusive of the fertilizers which the farmers themselves produce on their own farms?

Mr. ABERNETHY. I cannot answer that, Mr. Chairman. I have before me a table which was supplied by fertilizer experts in the Department of Agriculture, showing the number of pounds which the German farmer is receiving per arable acre, the number of pounds received by the Japanese farmer, and the number of pounds received by the American farmer. What the sources are, I do not know.

The CHAIRMAN. I do not know how they could very well estimate the manure and other products which the farmer uses.

Mr. ABERNETHY. I assume they have some way of getting that. Of course, these are the figures which are supplied by the Department and all we have to go by on something of this sort would be the figures supplied by experts, who naturally would be those in the Department of Agriculture, as well as those in Ordnance who are actually carrying out the occupied-area program.

The CHAIRMAN. If they did not include the fertilizer produced by the German farmer on his farm, then he would be getting about a 100 percent of his needs?

Mr. ABERNETHY. If I could hazard a guess on that, Mr. Chairman, I would say that it included all sources. Because the same formula was used to determine what he receives as what the American farmer receives.

The CHAIRMAN. The farmers of Germany usually have a manure pit in the front yard, and they have a drainage basin underneath the barn, so that all the drippings from the barn itself and the products of the pit, together with all the other salvage, through spreading tanks, are spread on the land. I do not see how the Department of Agriculture could get much of an estimate on what would come from those sources.

Mr. ABERNETHY. If they did not take that into consideration, they would probably have that available, too.

The CHAIRMAN. That would probably bring it up to a hundred percent.

Mr. MONRONEY. Would not your figures be prewar manufactured fertilizer against postwar manufactured fertilizer?

Mr. ABERNETHY. No; these are current figures. They are submitted to me a day or so ago.

Mr. KUNKEL. I would suggest that Mr. Abernethy put those figures in the record.

Mr. ABERNETHY. I put those in the record of the hearings when I testified on March 1 on this subject. I testified from these figures at that time.

Mr. KUNKEL. Thank you.

Mr. ABERNETHY. I have submitted to the chairman an amendment which was prepared by the drafting service at my request, which would shift the foreign-export program from industry to Ordnance. I have placed that amendment in the hands of the chairman. Although I am confident that I made it specifically clear to the drafting service what I desired to accomplish, there is a question in my mind as to whether or not this amendment would open the gate for industry to export nitrogen without export permits in the ordinary course of export trade.

I am not certain whether it will or not. Whether they would be permitted, under this amendment, to take up a new export program of their own. It might be that they would not be required to secure the necessary export permit. And if the committee decides to seriously consider this amendment, which I trust you will, I think it would be advisable to have the party in the drafting service who drafted this amendment speak directly to that point. That is, whether or not industry would still be required to secure the necessary export permits before it could engage in export trade.

Mr. BROWN. If it did not, Mr. Abernethy, it looks to me as though industry, if offered a better price, would send it abroad.

Mr. ABERNETHY. That occurred to me this morning and it gave me a little concern after I studied the amendment further this morning. Nevertheless, in submitting this question to the drafting service, I stated specifically that I did not desire to lift the requirement that they should secure an export permit, and I further stated specifically that it was my idea to shift this export program from industry to Ordnance.

The CHAIRMAN. Did we not, in the export provisions of the so-called anti-inflationary act of December 1947 in order that the President might coordinate the export program—I do not know whether it was in that bill or not, but at any rate, last year some time—offer an amendment to make the export by Government agencies subject to the Export Control Act? That amendment was offered by myself, as I recall, in order that the President might coordinate the export program. We thought that the President should be given the responsibility, in balancing foreign needs against domestic stability, should have the weapon with which to do it. So I do not think there is much question but what the Department has the authority to control the exports of fertilizers under your amendment because we have not specifically exempted fertilizers from that act.

Mr. ABERNETHY. I did not know whether this would have any bearing on it, and I do not know whether there is other authority in the statutes other than this particular act which would control the matter of industrial exports.

The CHAIRMAN. That is after a certain proportion of our production has been allocated for export, then, they would have to get export licenses for anything over and above that. Now, does your amendment provide, safely, we might say, for the allocation of more of this fertilizer to our own farmers?

Mr. ABERNETHY. Whether it provides for the allocation of more fertilizer to the farmer?

The CHAIRMAN. Yes.

Mr. ABERNETHY. No; it does not provide for the allocation of any more fertilizer to the farmer. There is no specific allocation in the amendment. The amendment proposes to do one thing and one only.

The CHAIRMAN. Let us put it this way: Does your amendment in any way restrict the present practices with respect to the export of fertilizer?

Mr. ABERNETHY. That is what I was testifying to just now. It does this, Mr. Chairman: It shifts the export carried on by Commerce, for the benefit of France, the Netherlands, the Philippines, the Latin-American Republics, and the other countries who benefit under this export program, it shifts the export program from the Department of Commerce to the Army Ordnance. Therefore, the Government will say to Ordnance:

Of the 253,000 tons which you produce annually, you shall allocate 61,000 tons thereof to export, if the Department of Commerce calls upon you to do it.

The CHAIRMAN. Well, have you made any provision for any more than this amount being allocated for export?

Mr. ABERNETHY. That depends upon what the Department of Commerce and the International Emergency Food Committee fixes as the amount that the United States shall allocate to the program. We have no assurance right now what that program will be. I understand that the figures have been submitted to the International Emergency Food Committee, and that they have been informed that industry cannot absorb more than 61,000 tons of it. So the probability is that they will fix it at that figure. But there is not a thing in the world to keep them from coming in and taking half of our production. Of course, they will not do it, I know, but there is nothing to prevent them from taking half of our production, or many more tons than 61,000.

Mr. BROWN. Have you given any thought to limiting the exports of industry?

Mr. ABERNETHY. Yes, that occurred to me yesterday, when you asked the Ordnance witness whether or not Ordnance could take over as much as 25,000 tons of this requirement. If Ordnance was required to take over as much as 25,000 tons of it, and the export program was fixed at 86,000 tons, we would not be any better off. So I think, if the committee decides to make a compromise of this issue, which I hope it will not, the proper way to get at that would be to say, in the act, that of the industrial production, Commerce cannot requisition more than a certain amount. Of course, the best way to handle it——

Mr. BROWN. Why not mention the amount?

Mr. ABERNETHY. That would be the best way to handle it, of course.

The CHAIRMAN. Under title III of this act, and amendments to the existing law, shall remain in force until the close of May 1948 for the exercise of the powers, authority, and discretion thereby conferred on the President. He has discretionary powers. There is nothing

mandatory in nature in the powers conferred upon the President. He has discretionary powers with respect to export and import controls over these commodities. Having that in mind, you have rewritten (E) and you say:

Nitrogenous fertilizer materials for the purpose of exercising import control and, in the case of nitrogenous fertilizer materials produced by the Department of the Army, for the purpose of establishing this production and delivery for export.

There is nothing in there that compels the President, through the Department of Commerce, or any other agency which he might designate, to set aside a part of Ordnance's production for our domestic needs. The whole thing is discretionary. Unless we put some mandatory language in here to compel a certain amount of Ordnance production to be allocated domestically, the Department of Commerce will perhaps, under the instructions of the President, carry out the existing program. We are fearful that they will not do what we want them to do.

MR. ABERNETHY. It is not my purpose to require Ordnance to allocate any portion of its product domestically. My purpose is only——

THE CHAIRMAN. Is that not the purpose, to get fertilizer domestically?

MR. ABERNETHY. Yes.

THE CHAIRMAN. Then, how would you do it?

MR. ABERNETHY. You would do it this way: Let us say that domestically 5 tons is produced throughout the United States. One ton goes to export.

THE CHAIRMAN. Who decides that?

MR. ABERNETHY. Department of Commerce.

Ordnance is producing 3 tons, we will say. All of their production goes to export, to the occupied countries. The purpose of my amendment is to say to Ordnance, "We are not going to take any more of that which is produced domestically for export," which will restore that fifth ton to the American farmer. "You must absorb that ton. You give 2 tons to the occupied countries, and the other ton which you manufacture will go to the export countries." That is the purpose of my amendment.

THE CHAIRMAN. But it does not say so. I think you leave the same discretionary power in there.

MR. ABERNETHY. I do not know whether it says so or not, and not being skilled in drafting an amendment, I went to the drafting service and presented that question. I told them that I wanted an amendment which would require that very thing.

THE CHAIRMAN. Having in mind what I have just read, having in mind that they have discretionary powers, you say: "And in the case of nitrogenous fertilizer materials produced by the Army for the purpose of establishing priority in production and delivery for export." There is nothing in here that compels anyone to do anything.

MR. ABERNETHY. No; that is true. It is still a discretionary matter.

THE CHAIRMAN. What assurances do you have, and what assurance will we have, that this language, if enacted, will change the present program?

MR. ABERNETHY. That is my understanding. If Congress says, "We are going to export a certain quantity of fertilizer to these countries——" that is, not Japan, Germany, and Korea. They do not have

anything to do with the occupied countries. They say they are going to export so much fertilizer, then, the purpose of this amendment is to say, "All right, you may do so, but it has to come out of Ordnance production."

The CHAIRMAN. There is nothing which compels them to do that.

Mr. ABERNETHY. But they still do not have the power to tap industrial production, if this amendment is adopted, according to what the drafting service tells me.

Mr. MONRONEY. May I ask a question?

The CHAIRMAN. Mr. Monroney.

Mr. MONRONEY. What will be the attitude of these American firms who are looking to the postwar period, for establishing business relationships with countries under export, toward the absolute prohibition against them entering that market? In other words, to effectuate this additional supply in this country, are we not in a way proscribing the postwar activities of certain commercial companies which might be looking to foreign markets later on as a very good source of income?

Mr. ABERNETHY. They are not now exporting in free trade.

The CHAIRMAN. They do not supply anybody but the Government?

Mr. ABERNETHY. No, sir; they are not now exporting in free trade. The only fertilizer manufactured by industry which is going to export is that which is tapped by the Department of Commerce.

Mr. MONRONEY. But on a percentage basis, I am wondering whether the fertilizer which goes to Latin America would be all State export and State purchased, or whether there is some normal free enterprise in those purchases and sales.

Mr. ABERNETHY. There is no free enterprise under our present program.

Mr. MONRONEY. I know the Department of Commerce allocates so many tons, but the trade is still between buyers and sellers, is it not?

Mr. ABERNETHY. Technically, it is, but the Government says to the Lion Oil Co., which manufactures many of the products used in my territory, "Lion Oil Co., you export so many thousand tons of fertilizer next month to France." And they do it. They have to do it. It is not a voluntary proposition at all.

Mr. MONRONEY. And they do not sell it to individuals in France?

Mr. ABERNETHY. I think possibly they do. I do not know. I am unable to say. But they are required, by the Government, to export that fertilizer. There is nothing free about it. It is an order given them by the Government, and they must carry it out, under this act.

Mr. MONRONEY. They do not come in and ask for export licenses as they do on flour and other things?

Mr. ABERNETHY. If they desire to export in free trade, they have to come in and ask for an export license.

Mr. MONRONEY. But no such process is carried out?

Mr. ABERNETHY. Not in the case of fertilizer, as I understand it. I do not know of a pound shipped under that process in the past 12 months. There may be some, but I do not know of any.

Mr. MONRONEY. Not even to Latin America?

Mr. ABERNETHY. I do not think so.

Mr. SPENCE. Is there any method by which we can obtain the comparative cost between imported natural fertilizer and domestic natural fertilizer?

Mr. ABERNETHY. I do not know. I presume so.

Mr. SPENCE. Is the cost prohibitive in comparison with imported natural fertilizer?

Mr. ABERNETHY. We are importing today 187,000 tons of nitrogen per year.

Mr. SPENCE. There is no difference in the chemical constituents? The natural fertilizer is just as good as the manufactured fertilizer, is it not?

Mr. ABERNETHY. I cannot answer that, Mr. Spence.

Mr. KUNKEL. I think that is in terms of contained nitrogen.

Mr. ABERNETHY. Yes. I am speaking of pure nitrogen.

Mr. KUNKEL. Yes, and that may be 20 percent in terms of sulphate ammonia.

Mr. ABERNETHY. Yes, or 30 percent in terms of ammonium nitrate.

Mr. SPENCE. The chemicals are the same, are they not? Why cannot the production of nitrogenous fertilizer be increased? The world demands it, and there is a demand here. Why can it not be increased?

Mr. ABERNETHY. I do not know. I wish it could.

I would like to say this: The Missouri Ordnance plant at Louisiana, Mo., has five units. Those units are capable of producing 40 tons each per day. Three of those units are now being operated by the Bureau of Mines, experimenting with synthetic fuels. I understand—and I am not saying this to give anybody a bump—I understand they are just playing around out there, and that they would be willing to turn it back. Two of those units are idle. This plant belongs to Ordnance, understand. Two of them are idle today, and have been declared surplus, and have been turned over to the War Assets Administration for disposition.

Those five units can be turned back to Ordnance, put into operation, and will produce—I said 40 tons a day, but I may be wrong about that—at any rate, they can produce a very large percentage of the amount of fertilizer required for the export program. There are a number of graining plants which are idle. The War Department could use those graining plants, if it had plants in which to manufacture the solution. But the War Department cannot come in and ask the Government to put up another plant to manufacture solutions, unless it justifies it on a munitions basis. They can only justify the construction of these plants through the manufacture of munitions, and they say, "We have all the plants we need to manufacture munitions."

But if the authority were given to establish another solution plant, then these graining plants could be reactivated; and since we are so insistent—and I do not say this to be facetious—since we are so insistent on supplying the world with a great quantity of fertilizer, I think it is only right and fair that the Congress authorize the construction of a solution plant so that these conversion and graining plants might be put into operation.

I do not see why we should compel ourselves to call on the 25,000,000 farm citizens of this country to supply fertilizer which they need themselves, to the export program. And they need that fertilizer not to take care of themselves but to raise the crops which the Department of Agriculture wants them to raise each year. It is the very lifeblood of the farmer. Here is more than a thousand of them who

have not gotten a pound this year, and that situation prevails in most of the United States. These 1,000 live in seven counties. When you go back and look them in the face, they say :

How long are you going to continue this export business and at the same time call on me to produce these great quantities of food, burn up my soil, and mine it of minerals put there by nature, unless you make available to me a sufficient quantity of nitrogen which will prevent my soil from being mined of its productive capacity?

The CHAIRMAN. Mr. Abernethy, could we not harmonize the Norblad proposal and your proposal by taking the Norblad language which says "Including nitrogenous compounds in any form necessary for the manufacture and delivery of nitrogenous fertilizer materials required for export" and inserting the language which would make it quite definite that we would enhance the compounds and materials produced by the Department of the Army?

Mr. ABERNETHY. Mr. Chairman, I cannot answer that. My opinion is that these two amendments cannot be tied together.

The CHAIRMAN. Cannot be tied together?

Mr. ABERNETHY. I do not think they can. The Norblad amendment—

The CHAIRMAN. Well, then, perhaps we do not understand the purpose of the two amendments.

Mr. ABERNETHY. I will try to explain it. The Norblad amendment does not require Ordinance to absorb any of the export program.

The CHAIRMAN. That is what I was getting at. If we take the Norblad amendment and make it read "including nitrogenous compounds in any form produced by the Department of the Army or by anyone else."

Mr. ABERNETHY. When you say "anyone else," it put it back in the hands of industry.

The CHAIRMAN. I think we understand your purpose, but we want to try to find some language to effectuate your purpose. I think both you and Congressman Norblad are aiming at the same thing.

Mr. ABERNETHY. No, Mr. Chairman, we are not. Congressman Norblad proposes—

The CHAIRMAN. Then, are the two incompatible?

Mr. ABERNETHY. I think they are.

The CHAIRMAN. And the Norblad amendment is not included in yours?

Mr. ABERNETHY. No, sir.

The CHAIRMAN. And if we adopt both of them, what would happen?

Mr. ABERNETHY. If you adopt both of them, you would not only continue the power of the Department of Commerce to tap industrial production, but you would add to that power by authorizing it to tap ordinance production. You would give it the power to tap both.

The CHAIRMAN. Is that not what we want to do?

Mr. ABERNETHY. No, sir.

Mr. NICHOLSON. Mr. Chairman.

The CHAIRMAN. Mr. Nicholson.

Mr. NICHOLSON. Would your amendment force them to open those two units which are now closed?

Mr. ABERNETHY. No, sir; it would not force them to do it. I think they would be privileged to recall those units from surplus.

Mr. NICHOLSON. If they carried out the intent of your amendment, it would either cut down the supply or they would have to open up additional plants to carry out their program in Europe?

Mr. ABERNETHY. My personal view about it, Mr. Nicholson, is that with Ordnance producing 253,000 tons a year of pure nitrogen, that they can absorb the 61,000 tons allocated to the export program. That is only my opinion.

The CHAIRMAN. We may find something that will meet your purposes.

Mr. ABERNETHY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Whittington, we are very happy to have you proceed.

STATEMENT OF HON. WILLIAM M. WHITTINGTON, A REPRESENTATIVE IN CONGRESS FROM THE THIRD DISTRICT OF MISSISSIPPI

Mr. WHITTINGTON. Mr. Chairman, this is a difficult problem. I do not desire to repeat what has already been said, but your committee has under consideration the extension of the Second Decontrol Act of 1947, by amending that act, as previously amended, in two particulars, and to extend it until May 1949, and to exempt quinine.

Under the act, Congress declared this to be the policy:

The Congress hereby declares that it is the general policy of the United States to eliminate emergency, first, to protect the domestic economy from injury which would result from adverse distribution of materials which continue in short supply.

I think it is unquestioned, uncontroverted, that nitrogen is in short supply.

Under the provisions of this act, the President was given discretion with respect to nitrogenous fertilizer. This situation obtains. Prior to 1947, the nitrogen of the Ordnance Department, together with industrial nitrogen, was available to the domestic producer. In 1947, and now, in 1948, the Ordnance nitrogen is being sent to the occupied countries. The great majority of it is being sent to Japan and Korea. The remainder to Germany.

All of that nitrogen, prior to 1947, was available, as I stated, to the American farmer.

Prior to the war, there were no exports from the United States to Japan or Korea. We are now in the position of exporting the vast majority of the one-third of nitrogen produced by the Army, to two countries to which no exports were made prior to the war.

I say that the policy of the Decontrol Act is being circumvented. Nitrogen is in short supply. It may be by the exercise of the discretion to which the Chairman, Mr. Wolcott, has referred, that that circumvention has come about.

As a representative of an agricultural district, we are confronted with this proposition: there is a short supply of nitrogen. When we ask the industrial producers to supply it, they respond that under the Decontrol Act a percentage of their nitrogen is being allocated to export and, concretely, under the terms of the Decontrol Act, and its exercise, in the discretion of the President, a larger percentage of the nitrogen is being exported in 1948 than was being exported in 1947. To support that statement, I call attention to this fact: that the Ten-

nessee Valley Authority, Spencer, and Lion, were required to export around 25 or 26 percent in 1947. They have produced less ammonium nitrate in 1948 than they produced in 1947, because they have diverted the anhydrous ammonia to other purposes, but the percentage of allocation for export, while reduced in percentage, amounts to more of the actual product than was allocated from these three institutions in 1947. Fifteen percent of the reduced production has amounted to more than 20 percent of the actual production in 1947.

Now, it is proposed to amend this act which is under consideration for extension, in two particulars: first, by the adoption of the Norblad amendment. In my judgment, that amendment should be further amended so that this product, anhydrous ammonia, be limited to that which now accrues to industry. The words might be added to the Norblad amendment: "now going to industry," because, as has been pointed out, two-thirds of that anhydrous ammonia, in the current year, is going to industry, and one-third to agriculture. If we adopt the Norblad amendment, which amends section (D) of the Decontrol Act, I think it should be further amended so as to provide that that anhydrous ammonia be taken from that which is now going to industry, and not from that which is going to agriculture.

Secondly, as suggested by Mr. Abernethy, and as proposed in response to the request with respect to the further limitation of the exports of nitrogen, it is proposed to amend section (E) of the Decontrol Act, the Norblad amendment being an amendment to subsection (d) on page 2 of that act, with which you are familiar, so as to include this anhydrous ammonia. It strikes me that the amendment of Mr. Abernethy, which would strike out these words "nitrogenous fertilizer material for the purpose of exercising import control" and make them applicable to those materials produced by Ordnance, is in order. Both amendments to this Decontrol Act would be in order.

Mr. Chairman, I think the question that you propounded to Mr. Abernethy is most apt. It may be that the discretion vested in the Chief Executive, exercised by those who are in control of this act, has resulted in this further short supply of nitrogen. I undertook, when this act was before the Congress, and in connection with the handling of that act by the late Mr. Springer, when we had the subject matter before us, to eliminate the words "nitrogenous fertilizer." If you are going to eliminate quinine and you are going to eliminate nitrogenous fertilizer, you will eliminate the discretion.

We hear that we import fertilizer from Chile, and from Canada, and that if we eliminate nitrogenous fertilizer from the Decontrol Act, as you do for quinine, that this agency which is to supply for export, might get it in export. I reply that that is the free exercise of commerce, and that the industrial enterprisers, who say to the American farmer repeatedly that they are in short supply could no longer say what they say to us every time we ask for more nitrogen, that it is being required for export. We will take our chances on the free movement of fertilizer.

I believe, Mr. Chairman, that I am familiar with the statements made by Mr. Hart, and Colonel Norvell. I recall Colonel Norvell's statement of yesterday that in the bizonal area, the same number of fertilizer plants is operated as was being operated prewar. He said that the production was less. He said it was less for a number of

reasons. I recall at least three: The machinery was being depleted, there was lack of labor, and there were strikes. I say this: That that machinery can probably be more easily repaired in Germany than the comparable machinery in the United States. The best source of steel in all the world that I know about, for repairs, is in Germany. They have more scrap there than anywhere in the United States. Some of it is being exported to Great Britain. So my answer is that if that machinery is being depleted, I do not know of any reason why they cannot repair it at least as adequately and as expeditiously as similar machinery is being repaired in the United States.

The CHAIRMAN. Mr. Whittington, let us get right down to the point. Are you advocating that we delete fertilizer from this bill?

Mr. WHITTINGTON. I think that would accomplish the purpose, Mr. Chairman, and eliminate the discretion to which you referred. That is my answer to the question.

The CHAIRMAN. However, that would not compel the War Department to divert any of its exports to domestic production, nevertheless the farmer would be in a position then where he could get enough more of the materials going to industry now to satisfy his needs?

Mr. WHITTINGTON. That is my view, Mr. Chairman.

The CHAIRMAN. It still would be possible for the entire output of Ordnance to go to Germany, Korea, and Japan?

Mr. WHITTINGTON. Yes. If fertilizer is not eliminated from this bill, then, I think the next best thing to do, to answer your question further, is to adopt the Norblad amendment as an amendment, so as to take it from that part now going to industry, and to adopt the Abernethy amendment, perfecting that amendment, so as to require Ordnance not only to ship to the conquered and occupied countries, but to meet the rest of the export program also.

The CHAIRMAN. In other words, in that part of our participation in the International Emergency Food Committee, we would make available Ordnance production as well as any other production in order to meet our commitments under the International Emergency Food Committee.

Mr. WHITTINGTON. Yes, sir; and I do not see why we should not limit it to Ordnance production. In other words, 3 years after the war has ended, we are sending our fertilizer to countries where we never sent any, with Germany operating the same number of plants as it operated before the war, and, further, one of the principal plants for production by Ordnance is at Cactus, Tex., and the testimony before this committee is that there was a fire in that plant and it has been out of production. I assert that by utilizing that plant, Ordnance can increase its production, and it strikes me that production should be increased. He very frankly said he knew nothing at all about the production in Japan prior to the war. Prior to the war Japan produced in her plants the fertilizer that she required for Japan and Korea. He also stated, in all fairness to him, that in northern Korea they transported fertilizer to northern Japan.

The CHAIRMAN. Do you have Mr. Abernethy's amendment before you?

Mr. WHITTINGTON. Yes, sir.

The CHAIRMAN. Could we accomplish what you have just suggested if we were to delete the language in the existing law as he suggests and

strike out "nitrogenous fertilizer materials for the purpose of exercising import control and of establishing priority in production and delivery for export"? If we would strike that out and leave the Norblad amendment out and insert in the last part of the next sentence "and in the case of nitrogenous fertilizer materials produced by the Department of the Army, for the purpose of establishing priority in production and delivery for export" would that meet it?

Mr. WHITTINGTON. Yes; I think that would help. In other words, strike out the language as he proposes in subsection (e) and insert this language.

The CHAIRMAN. Then, we could cover that in the report as to what our intent was?

Mr. WHITTINGTON. Yes, sir.

The CHAIRMAN. Do you suggest that?

Mr. WHITTINGTON. Yes; I do.

The CHAIRMAN. Do you think that through that we could meet our domestic needs and our foreign commitments?

Mr. WHITTINGTON. I would not say, Mr. Chairman, that we would meet our domestic needs, but we would certainly relieve our domestic needs, as I see it. And that is our intent. That would certainly relieve the short supply domestically.

The CHAIRMAN. It would increase the amount of fertilizer available to the American farmer?

Mr. WHITTINGTON. Certainly, when you use it domestically and do not export it, of course, you increase the supply.

But I would say this, Mr. Chairman: If subsection (d) is to remain in this act, I believe that the Norblad amendment, as amended, should have added to that now going to industry so that it would be definitely understood that there would be no authority or discretion to provide that any of those products that are now going to agriculture could be requisitioned or allocated.

The CHAIRMAN. If we took fertilizer from under control, then, the Norblad amendment would be unnecessary, would it not?

Mr. WHITTINGTON. It strikes me that that is a fair statement. Frankly, I cannot escape the conclusion that if you are going to take out quinine, and in view of the enormous shortage of supply in nitrogen in this country, why, we cannot take out nitrogen. I would say furthermore with respect to the inability of the five or six German plants to supply Germany, first because of depletion, secondly because of strikes, shall the American farmer now be denied nitrogen because of strikes in a country where we are feeding the people? Our army of occupation ought to be able to control those strikes.

Thirdly, it was said that there was a shortage of labor. We are feeding them by the millions over there. Why should not those people be put to work? Why should not a policy be adopted by the Army which would prevent the strikes of people, would compel them to feed themselves and grow food, and provide for labor.

Mr. BUCHANAN. What would the readjusted picture then be? Have you worked out a percentage formula here?

Mr. WHITTINGTON. That 60,000 which is now being taken from industry would be taken from Ordnance, or as much of it as could be taken from Ordnance. If they cannot increase their supply by using the Cactus plant, and putting the two idle units at Louisiana into operation, they they could not meet it all. But I cannot see why, if,

as Colonel Norvell says, we are going to eliminate this program by 1950, why there ought not to be a reduction annually.

Mr. BUCHANAN. How much would that cut it down?

Mr. WHITTINGTON. That would cut down the amount shipped and make more available for Germany to take the place of that which is going to Germany through industry. It does occur to me that through the exercise of discretion and a sound administration that it can be done. The point we make is sound and tenable. We may not relieve the shortage in its entirety, but we will certainly relieve it to a certain extent.

It is fair to say, Mr. Chairman, that the requirements for fertilizer are increasing every day in this country. In Nebraska, I understood that you used 8,000 tons a few years ago, and now you are using 200,000 tons. With increased production, the necessity for nitrogen is greatly enhanced, not only throughout the Midwest but throughout all parts of the country. And, taking into account the shortage of farm labor in our section of the country, it is more essential that the productivity of the soil be increased, and we cannot do that unless we replenish the soil with nitrogen. So that in the interests of our agriculture, I urge, Mr. Chairman, that this act be extended so modified so as to increase the supply of nitrogen to the American farmer, for the purpose of producing the food and feed we need.

I was impressed by this statement: Colonel Norvell said that, eliminating overhead expense, the operation of these Ordnance plants had a production cost of around \$54 a ton for ammonium nitrate. I believe industry is producing for less. I am not saying that those plants should be sold at this time. I believe in private enterprise. But the fact of the matter is that, according to his statement, Congress might provide fertilizer, if we have to provide it, for Korea and Japan and Germany, substantially as well by making an appropriation of \$54 a ton directly, so that all of this Ordnance fertilizer would be made available not only to the occupied areas, but for the export program as well.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. As I remember the testimony, Judge Whittington, his figure was \$64 a ton.

Mr. WHITTINGTON. I thought it was \$54. I think, however, that ammonium nitrate is being sold for even less than \$54 in this country this year. I do not know. That is my recollection.

You have been very kind, Mr. Chairman. I do say that if the members of this committee—and many of you, I know, have been advised by the farmers of your district. In my area I have a case of a man who operates several plantations. He has written me repeatedly. He is wild. He tells me he is utterly unable to get any fertilizer at all for his cotton. The only thing he has been able to get is some black market or gray market fertilizer for his oats. The supply is, indeed, short, and whatever may be said about the continuance of this act, the continuance of this act without a modification to provide for an increase of the supply to the American farmer, will further discriminate against him. So I say eliminate fertilizer. If you do not, modify the Norblad amendment by restricting the material going to export from industry, and perfect the Abernethy amendment to the extent that it is the intent that that which is expected shall come from

Ordinance, and let them make the distribution, as between the Department of Commerce and the Army as to what shall go to export and what shall go to the occupied areas.

The CHAIRMAN. Are there further questions?

(No response.)

The CHAIRMAN. If not, thank you very much.

Mr. ABERNETHY, what do you think about eliminating fertilizer from the act?

Mr. ABERNETHY. Mr. Chairman, I had not considered the matter in that light. Of course, I think that would meet the situation, but I would prefer, personally, to check the matter with the legislative counsel, to make certain that it will do what we hope it will. Of course, if fertilizer is eliminated, that would naturally take care of it.

Mr. WHITTINGTON. Mr. Chairman, your question both to Mr. Abernethy and to me is what, now, with respect to his amendment?

The CHAIRMAN. Do you have a copy of the Abernethy amendment?

Mr. WHITTINGTON. Yes, sir.

The CHAIRMAN. In the third line from the bottom—of course, this contemplates leaving in the first portion of it down to the semicolon, so five lines from the bottom, to strike out “and nitrogenous fertilizer materials for the purpose of exercising import control.”

Mr. WHITTINGTON. In answer to your question, I am in favor of that. Our purpose is to increase the domestic supply. My thought is that if you are not certain, that that language might be perfected by further conferences with the drafting service.

The CHAIRMAN. Then, make it clear that the export commitments which we might otherwise have to meet should be met from ordnance.

Mr. WHITTINGTON. That is right.

The CHAIRMAN. What do you think about that, Mr. Abernethy?

Mr. ABERNETHY. During the fore part of your discussion I was discussing a matter with the clerk, Mr. Chairman, and I did not hear it all.

The CHAIRMAN. Well, supposing we should take your amendment and strike out that language starting in the fifth line from the bottom “nitrogenous fertilizer materials for the purpose of exercising import controls.”

Mr. WHITTINGTON. And leave the remainder?

The CHAIRMAN. Yes.

Mr. WHITTINGTON. It strikes me that that would restrict it.

Mr. ABERNETHY. What import controls are exercised?

The CHAIRMAN. There would be none, then.

Mr. ABERNETHY. Are we exercising any import controls now?

The CHAIRMAN. They are authorized to; yes.

Mr. ABERNETHY. They are authorized to. Do I understand that to mean that there would be no limitation on imports coming into the country?

The CHAIRMAN. That is right.

Mr. ABERNETHY. I have no objection to that if it will make nitrogen available.

The CHAIRMAN. It would remove all controls on fertilizer, under the Second War Powers Act, for import or export, and it would provide that ordnance production would be available for export under priorities.

Mr. ABERNETHY. That sounds good.

Mr. MONTONEY. The exports would be only under priorities established by the Government; is that right?

The CHAIRMAN. Yes.

Mr. MONRONEY. We would still limit the amount of exportable nitrogen fertilizer.

The CHAIRMAN. And the export controls would apply only to that part of our production which is produced by the Department of the Army.

Mr. MONRONEY. We would have no controls over industry's export.

The CHAIRMAN. Oh, yes; there would be, under our other export control provisions. I do not think we want to go so far as that.

Mr. MONRONEY. What was worrying me was we might be going up the wrong road, thinking that industry, which is now required to divert, might not divert more than they are now required to divert if the price for exports doubled.

The CHAIRMAN. But it would put agriculture in the position where it could compete with industry for our domestic production.

Mr. WHITTINGTON. That is right. Your observation and experience is much broader than mine, but let me say this: In the matter of this export program, the people of the United States have been in the anomalous position, in the exportation of steel and other materials in short supply, to say nothing of fertilizer, of lending money, whether it be to South America, France, or some other country, lending American taxpayers' dollars, and having the purchasing agents of those countries coming in here and overbidding the amounts that we are paying in this country. My thought is that any agency of Government that would approve of export under those circumstances ought to be condemned.

Mr. BUCHANAN. In what way will this alter any commitments which we have made under the Economic Cooperation Act?

Mr. WHITTINGTON. We would meet them, as far as we could, from the Army's present production, and for my part, I would say this: That having, for 2 years, supplied Korea and Japan, and with Germany having the same number of plants, if those countries are going to get back to normalcy in the next year and a half, we can supply them from the production for the Army.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. Mr. Chairman, reading from Colonel Norvell's testimony of yesterday:

The cost of a ton of Ordnance-produced ammonium nitrate, per short ton, is about \$64 delivered at Port Theodore, Ala., whence we ship it overseas.

Mr. WHITTINGTON. That is worse than I thought it was.

Mr. TALLE. Then he goes on to say that that does not include overhead costs.

Mr. WHITTINGTON. That is right. I thought he said \$54. That makes it even worse, because the taxpayer of the United States would be better off to go out and buy it at not to exceed \$51 or \$52, rather than to appropriate the amount that he states would be required, if you had to appropriate on the basis of \$64 a ton. Would it not be better to go ahead and buy it for \$50 and let the American industry produce it? It would be more economical for the taxpayer.

Mr. ABERNETHY. Mr. Chairman, there is a reason for that, and Mr. Monroney brought that out. They do not manufacture their fertilizer

in integrated plants. They have a solution plant located, we will say, in one State—out in Illinois, we will say. The graining plant might be a thousand miles from there. So when they manufacture this solution, they have to freight it to the graining plant, which naturally accelerates the cost.

Mr. TALLE. That is right, because it is not an integrated process.

Mr. ABERNETHY. That is right. I do not want to take any more time, but I just want to make one more point. I do not want to leave the impression that I am being too selfish about this thing, and I would illustrate it with these four points:

If the committee adopts the proposal which we have submitted, of every 4 tons of fertilizer produced in the United States, or which is available in the United States, one-fourth of it, in fact, a little better than one-fourth, will be made available to the people of the world, they will still be getting a fourth. And it only reduces by about 21½ percent the amount that we are now making available around the world.

The CHAIRMAN. Very well, gentlemen.

Mr. Hart, would you like to give us the benefit of your advice on what we have been discussing?

Mr. HART. Mr. Chairman, I am very much in favor, to a degree, of what the two gentlemen who have just spoken have said. I would like to see the Army contribute something toward the export program. I very frankly, Mr. Chairman, do not feel that we are qualified to stand here today and make the statement that we do not need it in the occupied areas. We have confidence in our Army to know that they are using that material where it is absolutely necessary. Therefore, to say that the Army must contribute all of the export program, I do not think I would care to go that far. I do feel it would be tapped. I do feel the Army could and would contribute, if it is brought to their attention, a substantial part of this export program. One thing which has not been brought out here, Mr. Chairman, and which I emphasize is this: That whereas we are exporting 61,000 tons through the allocations of the International Emergency Food Committee, we are likewise enjoying an import of about 188,000 tons—187,000 tons, perhaps.

If the United Nations is taking care of us to that degree, I do not see where anyone can advocate the striking out of nitrogenous materials from Public Law 188 because, if we do, we are simply cutting off a possibility of importing 188,000 tons. That possibility exists under the allocation system of the United Nations.

Mr. BROWN. How much did we import before the war?

Mr. HART. A very substantial quantity from Chile; not much from Canada. These Canadians came into being at about the same time as we did. They were also built, as I understand it, largely by the Canadian ordinance, so I cannot give you the exact figure as to what our imports were before the war.

The CHAIRMAN. Are we committed to export a certain amount under the International Emergency Food Committee?

Mr. HART. Well, we are not committed. There is no mandatory power given to the International Emergency Food Committee, Mr. Chairman. That is a purely voluntary arrangement. We have, as members, conceded, after consultation with the various departments of the Government, and with industry, the allocations as made by the International Emergency Food Committee for export.

Mr. BUCHANAN. We import more than we export.

Mr. HART. We get 188,000 in import and we export 61,000.

Mr. BROWN. Well, that has been true for a number of years.

Mr. HART. Yes; that has been true for a number of years.

The CHAIRMAN. We must have imported much more before the war than we are importing now because we are operating plants which produce a great deal more now.

Mr. HART. I imagine we did, Mr. Chairman.

Mr. BROWN. I understand we imported a great deal more before the war than we import now.

Mr. HART. I think that is true. I am sorry I do not have those figures before me. I had not expected that question to be asked, and did not look them up. But we are importing about 188,000 tons now against an export of 61,000 tons. That is the point I am trying to get out, because there is a real need, in my estimates of the continuation of the controls.

The CHAIRMAN. What fear is there, if we adopt this proposed amendment, that we are going to have our imports cut off? We are still under the International Emergency Food Committee.

Mr. HART. That is right.

The CHAIRMAN. Our exports are not going to be cut off altogether. There will be some export trade.

Mr. HART. You mean under the amendment as suggested by Mr. Whittington?

The CHAIRMAN. Yes.

Mr. HART. Oh, yes; we will have the export program. There is no question about that.

Mr. MONRONEY. It would be possible for Canada to divert so many tons to export, not to us.

The CHAIRMAN. Canada is just as much in need of dollars as any other country. She does not want British pounds, for example, or French francs. The moment we opened the British exchequer to the conversion of pounds to dollars and dollars to pounds, Canada went in and virtually drained Great Britain of her American dollars. So we know that Canada is as much desirous of getting American dollars as any other country in the world.

Mr. HART. I think you are absolutely right there. In fact, the Canadian representative has made that statement, that unless there were controls, Canada would probably want to put a hundred percent of their materials in the United States, because they need the dollars.

Mr. BUCHANAN. That would be the only flaw.

The CHAIRMAN. In other words, there would be a much greater percentage of our domestic production available for export.

Mr. WHITTINGTON. Mr. Chairman, with respect to imports, Mr. Hart has been very frank. But I used to buy a great deal of calcium from Canada, and I used to buy my nitrogen from Chile. I cannot do it now. So in my part of the country, we used to get a great deal more of Chilean and Canadian production than we are getting now.

Mr. HART. It is also true that this year we are getting a hundred thousand tons more of Chilean material in this country than we did last year.

Mr. WHITTINGTON. We are increasing our imports and our production, but we are not keeping pace with our needs.

Mr. HART. In some parts of the country, they are getting a great deal more. A hundred thousand tons more of Chilean material is being imported into this country this year than last, and the request is being made of the Chilean Government to increase that import.

Mr. TALLE. Mr. Hart, is it not true that the use of the kind of fertilizer we furnish now to Japan is something new to that country?

Mr. HART. You mean the ammonium nitrate?

Mr. TALLE. Yes.

Mr. HART. Yes, the ammonium nitrate is more desirable in Japan, Mr. Congressman, than it is in Korea. Korea cannot use it. We are sending ammonium nitrate to Japan and taking ammonium sulphate from Japan and moving it to Korea. That is because of the nature of the soil, and because of the acidity which appears in ammonium sulphate.

Mr. TALLE. Is it not true that Japan, before the war, depended to a considerable degree, on human fertilizer?

Mr. HART. Yes, sir; they were very large producers of nitrogen. Very large.

The CHAIRMAN: Thank you, Mr. Hart.

The committee will now recess until 2 o'clock.

(Whereupon the committee recessed, to reconvene at 2 p. m.)

AFTERNOON RECESS

The CHAIRMAN. The committee will come to order.

I believe Mr. Voorhees has a statement he would like to make on this bill.

Will you state your name and proceed, Mr. Voorhees?

STATEMENT OF TRACY S. VOORHEES, FOOD ADMINISTRATOR FOR THE OCCUPIED AREAS, DEPARTMENT OF THE ARMY

Mr. VOORHEES. Mr. Chairman and members of the committee: I am not as familiar as I should be with what went on previously during the proceedings of this committee before my coming here this afternoon. I am appreciative of the opportunity which you have accorded the Department of the Army, through me, of presenting some information about this matter.

It is my understanding that a proposal has been made for an amendment of the bill which the committee is considering, H. R. 6659, under which all exports of nitrogenous fertilizer from the United States would be limited to fertilizer produced in the Army ordnance plants, and that there are export requirements, for other than occupied areas, of about 61,000 tons of pure nitrogen which, under such an amendment, would either not be met or would be exported from the production of Army plants.

If that were done it would, of course, diminish by that amount the exportation to the occupied areas of the nitrogen fertilizer which we are producing.

I would like to give, very briefly, so that you may consider all of the facts in the matter, an exposition of the situation.

I became interested in the nitrogen fertilizer situation in the occupied areas just 2 years ago. I think that we were able to fill only between 5 and 6 percent of total requirements at that time. We are now able to satisfy something over 90 percent of those requirements.

The present population of Germany—that is, bizonal Germany, aside from the displaced persons—is 43,000,000. In Japan we have a population of 79,000,000, and in southern Korea about 17,000,000.

We established ourselves in those areas, with the possible exception of Korea, at the loss of a great many American lives and at the cost of billions of dollars.

MR. SMITH. Did you say 43,000,000 in the bizonal area?

MR. VOORHEES. 43,500,000 in the United States-United Kingdom area of Germany.

MR. SMITH. That is the bizonal area.

MR. VOORHEES. Yes, sir.

MR. SMITH. What is the population in the French area?

MR. VOORHEES. I would be just guessing. I think it is around 10,000,000 or 12,000,000. I am not sure about that, but I will get the exact figure for you. But the French area is quite separate, as a matter of fact, economically and otherwise, as you know, sir.

These soils in the occupied areas, where we have these great populations, were depleted of nitrogen because nitrogen had been diverted to munitions during the war. We either had to feed these people or get out.

If you have two worlds, it is rather a nice thing to have your world end and the other fellow's world begin in Eastern Europe and somewhere between Manchuria and Japan instead of having it begin in the eastern Pacific, somewhere near California, and in the western Atlantic. Therefore, it is of tremendous importance to us, of course, that we maintain these positions. I am not just speaking militarily, but also militarily.

It has now become perfectly settled that it is the foreign policy of the United States to produce the economic recovery of Western Europe. That can be done only through the productivity of Germany—bizonal Germany, I mean. Bizonal Germany has the biggest capacity to produce. It is now producing only at about 45 percent, and heavy industry at about 35 percent, of 1936, and is held back, more than by any other single factor, by the lack of food.

We are now exporting to Germany, in approximate figures, 4,500,000 to 5,000,000 tons of food per year; to Japan roughly 1,900,000 tons. To Korea our exports are smaller and, as a result of the nitrogen program, we will not have to export any more food to Korea unless something unexpected happens after they harvest the rice crops this fall.

Those figures are enormous. It is not only a question of money, although it is a staggering sum, but it is also a question of supply. Even, so, the food has not been adequate in these areas to promote industrial recovery.

It has only been possible to lay any foundation for industrial recovery through plans for better feeding, and those plans involve both exports of food and enabling the Germans and the Japanese, as well as the Koreans, to grow the utmost that they can grow in food themselves.

The greatest single factor enabling us to do that is nitrogen fertilizer. Two years ago, when I was brought into this matter by the Assistant Secretary of War, Howard Peterson—in an emergency situation—I saw that it was an absolutely impossible thing to take any commercial production of nitrogen from the United States for the occupied areas, however badly we might need it.

We had some 16 ordnance plants which were standing idle and which had been put into moth balls. They were not ideally suited to manufacture fertilizer. They could be converted to efficient fertilizer-production plants at a very large capital expenditure, or they could be used for production of fertilizer at a considerably higher current operating cost with much smaller capital investment—in fact, very little capital investment, except breaking them out of moth balls. The operation involved producing the anhydrous ammonia in certain plants, hauling it in tank cars to other plants some distance away, where it would be neutralized with nitric acid, and then it had to be taken to still other plants to be granulated.

That process produced fertilizer at a cost considerably higher than the commercial cost. Figures were gotten up, and it was found that the Army could, by mobilizing those plants and operating them, produce in the neighborhood of 250,000 tons of pure nitrogen per year, which, as I recall, was about 50 percent of the total United States production of nitrogen commercially.

We got those plants going. We borrowed a little nitrogen from commercial sources while we were getting the plants going, and repaid every single ton of it, ton for ton, out of the Army production.

We have been supplying the occupied areas exclusively with this Army-produced nitrogen, which was produced at a cost higher than commercial nitrogen. It was all that we could get, and it was an enormous saving as against the cost of exporting food.

I will not vouch for these figures, but there was a study made for one of the committees of the House of Representatives which, I believe, estimated a saving already effectuated of \$80,000,000 to the Treasury of the United States—at any rate, it was a vast sum—as a result of this Army nitrogen program.

Now we are in a position in which we have increased the nitrogen production in Germany and in Japan very considerably, and sometime during the fiscal year beginning July 1, 1950, we will be in a position where we will not need this production. We believe we will have these areas self-sufficient by the end of fiscal year 1950—that is, July 1, 1950—and we may be able to taper the program off somewhat before that.

If we lessen that, in the interval it will mean exporting that much more food or interrupting industrial recovery of these areas.

If 61,000 tons were taken away from our feeding—and let me say this is indirect feeding for the population of these areas—it would mean the exportation probably of at least 900,000 tons of additional grain.

The procurement cost of the 61,000 tons of fertilizer to us, not including the depreciation on the plant or interest on the plant investment, is about \$90,000,000. That is about \$150 a ton for pure nitrogen. Instead of that \$9,000,000, the cost to us in grain, for 900,000 tons, would run around \$80,000,000.

I have the responsibility of doing the best that I can to feed these occupied areas. I am simply a trustee—in my own conception of it, at least—of the money which the Congress of the United States appropriates for that purpose. So far as I know, every dollar which has been given to us has been used to produce the maximum amount to further the policy of the Government of maintaining our position in those areas and getting the maximum amount of food, directly or indirectly, for these populations that we have to sustain and have to try to make productive or else give up our positions there, and, let me say, or else, as to Germany, give up our entire position in Europe and abandon it to the Communists.

If we had to get another 900,000 tons of grain, even if we had the money, I do not know how we could get it because of the limited supply. Mr. Taber's committee is very much concerned about the adequacy of the supply of grain. I do not know how we would do it.

We have just finished hearings on a request for appropriation for fiscal year 1949 for Government relief in occupied areas which includes the funds for this feeding. In that, of course, we have computed the fertilizer and we have reduced the amount of food we would otherwise have had to ask for by counting upon this fertilizer. If it is the wish of the Congress of the United States that we should not use the fertilizer for that purpose, all right. These plants belong to the Government of the United States, not to the Army. We have made the best use we could of them, and we are making the best use we can of them now; for this coming year and for 1950, we need the production of these plants. If we do not get it, we are not going to be able to feed these areas, we are not going to be able to produce the recovery which is planned for Germany and that which is about to be considered, under new proposals for Japan.

There are certain possibilities. The Cactus plant has a potential capacity of an additional 60,000 tons per year. There have been negotiations pending for months for the leasing of that plant, which would contemplate an increase in capacity. Finally, the bids are to be opened next Tuesday for what I hope will be the final terms. There has been a great deal of competition among, I think, four different bidders, and in order to give everybody a chance—so that there would be entire fairness—we have set out the precise terms of the lease and have given everybody a chance to bid as to what they would pay under those terms. That production, if the plant is leased under these bids, will be available somewhere between 9 and 15 months.

There is another plant which we did operate temporarily, called the Missouri Ordnance Plant, which we had to give up because we could not get enough tank cars to haul the anhydrous ammonia around to the other plants. That plant passed to the Bureau of Mines in the Interior Department, and they are conducting certain experiments with synthetic fuel there.

This plant has five "trains." Each train is a production unit. They are using, at that plant, three of these trains, as I understand, and two are unused. Some of the parts of the unused ones have been taken away. I do not know how serious that has been. That is not under Army control at all at this time. But that plant is capable of producing, even with two trains, about 24,000 tons a year.

There is no doubt that by a vigorous attack on the problem a very substantial increase in production can be obtained from Cactus and

from Missouri Ordnance—a production running in the neighborhood of 85,000 tons of nitrogen, or perhaps more, per year, even without interrupting the Bureau of Mines experiments.

The Army has not gone ahead to do that itself because it did not feel that it had the right to. Our needs for the occupied areas were temporary. That demand will be terminated in 2 years, and we did not feel that we had the right to go ahead with a large capital expenditure.

We have urged very strongly that it should be done. I have done that formally and informally in every place where I could get a hearing—with the Department of Agriculture, with the fertilizer subcommittee of the Agriculture Committee of the House, and in every other way possible, to see whether we could not do the logical thing, which would be increasing the production of fertilizer. Because we have now undertaken a farm policy by which we are going to try to feed a great many people in many areas, the economic way to feed them, as far as possible, is to produce the fertilizer.

Gentlemen, those are the facts. I will try to answer any questions.

It would be a very great blow to us if you should take this fertilizer away from us, and I feel that it is fair to request that if it be done the matter be considered by the House Appropriations Committee because they are acting upon the assumption that we have this fertilizer.

The committee before which we appeared last week for the 1949 budget is, I am informed, technically, the Deficiency Subcommittee of the House Appropriations Committee. It is the subcommittee of which Mr. Taber himself is chairman. I assume that the reason that came before that subcommittee is because our hearings merged into the hearing on the appropriation under the Economic Cooperation Act, and part of that was during fiscal year 1948 and so was being heard by that committee.

In any case, that committee has all these data before it. I feel that the Army has done a pretty good job in taking these plants, which were standing there entirely idle, and producing this tremendous tonnage of fertilizer which has enabled us to get our occupied areas going.

I would like to say that in Japan, for example, our estimate of production for the 1949 fiscal year is 10 percent greater than that of the current year, and there is very intensive cultivation in the current year in Japan.

In Germany our estimate, as presented to the House Appropriations Committee, and this morning to the Senate Appropriations Committee, is for an increase of 31 percent in production, over the past year. That increase is more than normal because of the failure in the crops due to drought last year, so that last year's crop was not representative. But it makes a very substantial increase over what had previously been produced.

Now, gentlemen, that depends, more than anything else, upon nitrogen.

Mr. TALLE. Mr. Chairman.

The CHAIRMAN. Mr. Talle.

Mr. TALLE. Mr. Voorhees, I should like to read a short paragraph from a publication entitled "National Resources and Foreign Aid—Report of J. A. Krug, Secretary of the Interior, October 9, 1947."

At the bottom of page 43 and continuing on page 44, under the sub-heading "Nitrogen," he says:

According to the Fertilizer Working Party of the Economic Committee for Europe in London, at least 380,000 metric tons of nitrogen capacity could be put in operation in Europe by making 3,000,000 metric tons of coal available for the purpose.

Then, turning to another publication entitled "A Survey of the Economic Situation and Prospects of Europe"—this is a United Nations publication, the latest report that I know of, of the Research and Planning Division, Economic Commission for Europe, United Nations, Geneva, 1948—I read this on page 16:

United States coal availabilities at present exceed effective demand.

Then there is reference to a footnote on that same page, which I quote:

Of the total United States availabilities of 13,500,000 tons for the second quarter of 1948, not more than 9,000,000 are likely to be taken up.

Now, if the 3,000,000 metric tons would yield 380,000 metric tons of nitrogen, why is this excess coal which is available not being used, in the amount of 4,500,000 tons? I would like to see Europe do something for herself.

I see the erosion going on here and I am aware of the great need for fertilizer in our own country—and I have seen some denuded countries. I do not want my country to become like those. I have a feeling that Europe should be doing something more for herself.

Mr. VOORHEES. I have, of course, no responsibility, function, or authority in any way except in connection with bizonal Germany. The planning as to the rest of Europe is something with which I have nothing to do at all, except as we may be able, through, as I stated, stimulating economic recovery in Germany, to help the recovery of western Europe. In fact, I am sure that we will be able to do that.

Now, as to Germany, the production of nitrogen fertilizer has a top priority on coal. It is not being held back due to lack of coal. We are producing everything we can possibly produce in the way of nitrogen fertilizer in Germany by forced draft of the highest priorities.

Let me add one thing: That in the United States zone and in the United Kingdom zone no plant capable of manufacturing nitrogen fertilizer has been destroyed or put out of commission or removed. The production of nitrogen fertilizer in Germany in 1936—which could be taken as a fair year before Germany converted to war production—was 370,000 tons of pure nitrogen. In 1947–48 it has been 165,000 tons. For the fiscal year 1949, beginning next July, our schedule calls for, and our requirements have been based upon, production of 230,000 tons, almost a 50-percent increase over the current year.

In the next year that is stepped up again to 290,000, and the target for the next year is 340,000.

There are various limiting factors in Germany other than coal, but the very maximum is being done to produce nitrogen for Germany.

I do wish to say, sir, that it is a question of where the greatest problem in security lies. I know well the need for additional fertilizer in the United States. I am not in any way detracting from that need. I am merely trying to state the facts that I know about this other situation.

If we are going to have any economic recovery in Europe, it has got to start with Germany. Germany is the only place which has the productive capacity; it is the only place which can manufacture the spare parts for the machinery, the agricultural machinery which is used in the rest of western Europe so that they can really produce the crops of which they are capable. You cannot do it without giving the Germans enough to eat so that they can work.

I do not love the Germans. I am not pleading for them. I have no defense for them. But at the present time our foreign policy calls for us to enable Germany to make a sufficient recovery to be somewhere more nearly self-supporting and, above all, to provide the exports without which there cannot be any economic recovery in western Europe.

And I do not see how we can do that, sir, without the nitrogen. And I am sure that everything humanly possible is being done by the Department of the Army to promote the maximum production, not only of nitrogen but of everything else, in Germany.

Mr. TALLE. I am very glad to know the Army is doing that. I assume that the quotations I read—the statement by the Secretary of the Interior and the abstract from the United Nations report—are factually correct. But they may not apply to the sphere in which you operate.

How about the International Emergency Food Committee? Does that not involve a number of nations who should take into account a situation like this, so that in Europe itself, outside of the area which you control, something might be done to increase the supply of and the production of nitrogen?

Mr. VOORHEES. It is my knowledge that the International Emergency Food Committee is merely—through having appeared before various committees—asking for allocation of fats, fertilizer, and so forth, and I thought of it as an allocating body. I do not think it can increase the production. The only place where there is a reasonable chance for an increase in production, I think, is through the European recovery program, and I am sure that that has been taken into account as part of the plan to increase nitrogen production to the very maximum in these plants.

Mr. TALLE. I say again what I said yesterday, that I become confused when I start to deal with these various alphabetical agencies. Yesterday I was told that the International Emergency Food Committee could only make “recommendations.” Then I was told that there were certain “international responsibilities” which we had in connection with the work of this body. The thing is very confusing.

Mr. VOORHEES. Sir, I am not an expert witness on International Emergency Food Committee, but it is my understanding that the letters “IEFC” originally stood for International Emergency Food Council, and that was run by Dr. Dennis Fitzgerald with very great ability, as an allocating agency of foods which were in short supply. It could only recommend to the different nations and had no further authority.

Then, there came into existence the Food and Agriculture Organization, the FAO, of the United Nations and the International Emergency Food Council was sort of merged into the other and became the International Emergency Food Committee, in recent months, of the Food and Agriculture Organization of the United Nations. I do

not think they have any authority to compel nations to do anything. I think it is a matter of recommendations, and there is a varying compliance with their recommendations. But I do not think that they can do anything themselves to increase the supply of nitrogen. If you want to get an alphabetical agency that can increase the supply of nitrogen, I think it is what used to be called the ERP and is now called ECA, the Economic Cooperation Association, and I have no doubt that Mr. Hoffman's boys are working on that very diligently, because everyone knows that that is the best solution of the world food shortage.

Mr. TALLE. I appreciate your testimony, Mr. Voorhees. I am not holding you responsible personally for these deficiencies, of course, but I am distinctly of the impression that there are nations which lean on us a little too much, and I would like to have them do some lifting instead of just leaning.

Mr. VOORHEES. Sir, if they would only lean on us, it would not be so bad, but if they sit down right on top of us, that is the thing that worries me worse. But I do think that if you will look at the job—I am merely a civilian trying to help the Army—that the Army has done—and it has been an unwelcome task for the Army—in these occupied areas, has been a rather remarkable job. The Army has always been trying to get out of it, it does not want to do it at all, and, as you know, the plan was for us to get out of Germany on the 1st of July entirely. Then they took a look at the conditions and attitudes on the other side of the iron curtain and thought it might be a better thing for the Army to stay in there. That decision was made, and when you read these stories about Berlin, and see the way General Clay is handling himself vis-à-vis the Russians there, I think it gives everyone a feeling of pride that he is an American. When you think of those people out there—the women have not left there. Mrs. Clay is there. The wives of our men and the others are there. Under Secretary Draper's daughter is in Berlin.

There has been some quality that gives you pride when you see the way in which that has been done.

The Army does not want to do this job. We are just trying to do the best we can. And I am making clear that we are not making claims here for the Army. We are doing a job for the Government of the United States. We are doing it with your money. And I am just trying to point out the facts as I see them. But I do think that you can surely feel this: That everything that can be done in bizonal Germany, in Japan, and in Korea, to make those people self-supporting is being done, and that the cost to the United States is being held to a minimum consistent with the policy that we have in the state of the world at the present time.

Mr. TALLE. I am glad to have this opportunity to give my unqualified approval of what you stated about Gen. Lucius Clay. I have watched his work as carefully as I have been able to, and I have thanked the Lord more than once that we had such a man in such a difficult place. I hope we may have equally good men in other difficult places.

The CHAIRMAN. Are there further questions of Mr. Voorhees?

Mr. BROWN. I would like to say that I agree with you about General Clay. I have known him for many years. He is from my State, and I think he is a very fine man.

I would like to ask a question or two. This is not in the spirit of criticism, but I cannot understand why this plant in Missouri is not operating. Everybody knew there was a shortage of fertilizer in the occupied areas and in this country. I just cannot understand why this plant is not placed in operation, even if it does cost more. I understand that you claim the capacity of this plant to be some 60,000 tons of pure nitrogen per year.

Mr. VOORHEES. That is right.

Mr. BROWN. If we had that plant in operation, we would be better able to satisfy the needs of the farmers of America.

Mr. VOORHEES. Here are the facts, sir. In the summer of 1946 we proposed to put the Missouri ordnance plant into operation as part of this plan and I personally fought to get the Cactus plant included, which was not included in the original scheme, and did get it included, and that meant 60,000 tons, even at half capacity, even without the completion of the plant. It has one train and can produce 60,000 tons, and with the completion of the plant as originally planned, its capacity can be doubled. That involves quite a large capital expenditure, however.

But I got the Cactus plants existing capacity included. We opened up the Missouri ordnance plant and started to operate. The Army owned the necessary tank cars to move the anhydrous ammonia from the Missouri ordnance plant to the other ammunition plants, which would have to neutralize it with nitric acid and later granulate it.

We did not need those cars immediately. They were leased to industry. It was only when we got into full production that we would need the cars. When we got to the point where we needed the cars and asked for them, we could not get them, and we never got them.

Mr. BROWN. And you cannot get any tank cars now?

Mr. VOORHEES. Well, now, just—

Mr. BROWN. Excuse me.

Mr. VOORHEES. We never could get them. And, therefore, because we did not have enough tank cars, we had to shut down one of the plants. The plant we shut down was the Missouri ordnance. The reason for that was that the Bureau of Mines had wanted the Missouri ordnance for the purpose of conducting these experiments in synthetic fuel, and therefore, if we were going to shut down a plant, the proper plant to shut down would be the one which could be utilized by the Bureau of Mines. That is the reason it was shut down.

Mr. BROWN. In other words, if the Bureau of Mines had not taken this plant over you could operate it now?

Mr. VOORHEES. The Bureau of Mines—and I know nothing about these experiments; I assume they are of very great value—got this plant back somewhere around January or February of 1947, and there are five trains in that plant. I am informed that they are using three of them in connection with their experiments.

Mr. BROWN. Who is responsible for the Bureau of Mines getting these plants?

Mr. VOORHEES. I do not have complete knowledge of that, sir. I think that the testimony should perhaps come from someone a good deal more familiar with it than I, but I will tell you what I know about it. In the the summer of 1946, there had been some arrangement made under which this Army surplus or stand-by plant, Missouri ordnance,

would be turned over to the Bureau of Mines. We succeeded—I succeeded, if you please—in the battle to get it put into production for fertilizer on the basis that that ought to be a top-priority thing. So we go it and prepared to use it, until we could not make utilization of it because of lack of tank cars. When we could not use it, naturally it went back to the Bureau of Mines, because they could use it. The story is just as simple as that. There is still this balance of capacity—40 percent—that is not being used.

Mr. BROWN. Can you obtain tank cars now? I want to see if we can get this plant operating and making fertilizer.

Mr. VOORHEES. Well, sir, if you get that operating, I will rise and call you blessed, because I believe in it very strongly. If we cannot go on and feed these nations in the world——

Mr. BROWN. I am simply trying to find out why it is not operating.

Mr. VOORHEES. I do not know, sir. It is out of my jurisdiction. I do not know anything about it. It is simply one of these causes that I have believed in and that I have tried to urge every time that I could, that we ought to get the Cactus-plant capacity doubled, we ought to get the Missouri ordnance plant operating, and we ought to produce the maximum of nitrogen that we can get.

Mr. BROWN. I am not criticizing you at all.

Mr. VOORHEES. I was not speaking defensively.

Mr. BROWN. I am asking a direct question. I am trying to get information for this committee. The farmers all over this country are begging for nitrogen. They think too much is going to occupied countries. The question I asked was: Can we get tank cars now?

Mr. VOORHEES. I have no doubt that we could operate the plant now, sir. I would want to check that, but to the extent of the two trains that are free, I am confident that we could get the tank cars now. The pressure is off tank cars now.

Mr. RILEY. That would produce about 24,000 tons a year would it not?

Mr. VOORHEES. 24,000 tons a year, and the additional in Cactus is about 60,000 to 70,000 tons a year.

Mr. RILEY. But I understand there is no hope of getting Cactus plant in production for 9 to 15 months.

Mr. VOORHEES. No, sir.

Mr. RILEY. How soon could you get the Missouri ordnance plant into operation?

Mr. VOORHEES. I would not know enough about that to know, sir, because I do not know what has been done to it. It was ready to operate a year ago last February. Mr. Hart tells me that there has been some part of the equipment taken out of the Missouri ordnance plant. So I could not form an intelligent opinion about it at all. We have no control over it. It has passed out of our jurisdiction, sir.

Mr. RILEY. Can you increase the capacity of the plants that you operate?

Mr. VOORHEES. A study was made of that by a Mr. Bennett, at the request of the Department of Agriculture, and there is another study made at the request of the Herter committee, I believe. I think they estimated that there could be a 5- or 10-percent increase in the production at these plants by some moderization and some improvements.

I think the Herter committee study said that the plants had been allowed to run down to a certain extent and were not producing absolutely the maximum potential.

Mr. RILEY. I was just wondering whether or not we could get something in the way of increased production immediately.

Mr. VOORHEES. I do not think anything can be done immediately. I think that if we had the money to carry out the recommendations for improvement in certain plants that we could increase the production a little. Colonel Norvell, who knows a great deal more about this than I do, says that if we had the money, it would take 4 to 6 months to bring about an increase in production. I would suggest that Colonel Norvell tell you himself.

Colonel NORVELL. I do not know exactly what the increase would be, sir. It is not very much. It would involve replacing some of the compressors and adding additional coke ovens, and so forth. The increase would not be tremendous. It would not be in proportion to the amount of money that would be required. I have those figures, if you would like me to submit them.

Mr. VOORHEES. We will furnish the figures.

Mr. RILEY. We would like to have them for the record.

Mr. VOORHEES. Very well.

(The information referred to is as follows:)

Hon. JESSE P. WOLCOTT,

Chairman, Committee on Banking and Currency,

House of Representatives.

DEAR MR. WOLCOTT: On the afternoon of May 21, 1948, when I appeared before your committee to testify on the Army fertilizer program for the occupied areas, I was asked how much it was possible to increase production in the Army Ordnance operated ammonium nitrate plants.

These plants are being operated at full capacity; however, with a considerable expenditure of funds—in excess of \$10,000,000—the total capacity could be increased about \$6,000 short tons annually.

The attached document gives a discussion of individual plants, showing briefly the installations required to increase production to this figure.

Sincerely yours,

TRACY S. VOORHEES,

Food Administrator for Occupied Areas.

POSSIBLE INCREASES IN PRODUCTION OF PLANTS OPERATED BY THE ARMY ORDNANCE DEPARTMENT IN THE FERTILIZER PROGRAM FOR OCCUPIED AREAS

1. Cactus Ordnance Works, Etter, Tex.: The capacity of this plant can be doubled by completing the installation of some equipment for nitrogen production. This equipment was only partially installed by the Army and the project was abandoned as a result of the termination of hostilities. Considerable expenditure of funds will be required for this completion.

This plant is presently being leased and one of the conditions of the lease is that the lessee complete the installation of the additional equipment. This will increase the capacity by about 60,000 to 70,000 tons of nitrogen per year.

2. Ohio River Ordnance Works, West Henderson, Ky.: Production at this plant could be increased if it were possible to obtain a higher grade of coke than is presently in use. This high quality coke is well suited for use in the steel industry and cannot be obtained by the Army.

An alternative is to install 24 coke ovens with auxiliary equipment in order that coke could be produced at the plant and therefore obtain the high grade desirable. The estimated cost of this installation is about \$3,800,000 and it would increase the capacity by about 5,000 short tons per year.

3. Morgantown Ordnance Works, Morgantown, W. Va.: Production at this plant could be increased by installing 15 additional coke ovens with auxiliary equipment

and an additional gas generator. The estimated cost of this installation is about \$3,100,000 and it would increase the capacity by about 16,000 short tons per year.

4. Other plants: The other plants operating in the Army fertilizer program process the anhydrous ammonia produced in the three plants discussed above. Since these plants process nitrogen instead of producing it they cannot increase the nitrogen production. Processing capacity is no problem.

5. General: The total increased capacity for the production of nitrogen as discussed above is estimated at about 86,000 short tons annually. The time required to complete the program is estimated at 2 years. However, it is possible to realize some increased production in from 4 to 6 months. The amount of this increased production is very difficult to estimate, but it would not be much.

Missouri Ordnance Works, Louisiana, Mo.: This plan was not included in the discussion above because it is not under control of the Department of the Army. The Bureau of Mines is conducting experimental work on synthetic fuel which requires 60 percent of the capacity. The other 40 percent of the capacity, it is understood, is remaining idle. The operability of the unused portion is not known.

The total nitrogen capacity of this installation when operated by the Department of the Army was about 60,000 short tons per year.

Mr. RILEY. In other words, the only way you could get any marked increase in production would be to get the Cactus plant and the Missouri ordnance plant in production, and that would take some time?

Mr. VOORHEES. Yes, sir.

Mr. RILEY. The Cactus plant, as I understand it, is not operating at all now.

Mr. VOORHEES. Oh, yes, sir; the Cactus plant was designed for four trains. It was completed as to two trains. In connection with the other two trains, they were partially constructed at the end of the year, but they were never completed. The two trains, producing about 60,000 tons of nitrogen per year, are operating, and I think it is our lowest cost producer. It is very favorable in operation. It is located right over a large gas field. I should have added one thing. They had a fire, and the plant was half burned down, and it is now in process of rehabilitation. We are starting to produce in June again. The fire occurred about 6 weeks or 2 months ago. Technically, that is correct. It is not producing today, but that is just because of the temporary interruption due to the fire. There is no more delay than necessary.

Mr. RILEY. But you have already taken that production into consideration?

Mr. VOORHEES. In our requirements?

Mr. RILEY. Yes.

Mr. VOORHEES. Yes, we have assumed a full production from the Cactus plant of 60,000 tons. I am sorry that I forgot about that temporary interruption in production.

Mr. RILEY. Thank you.

The CHAIRMAN. Are there further questions of Mr. Voorhees or Colonel Norvell?

(No response.)

The CHAIRMAN. If not, thank you very much, gentlemen.

Mr. Hart, do you have a statement?

Mr. HART. Mr. Chairman, the Secretary has just sent word over to me that he has a statement which he would like to present to you and the messenger is on his way. I am sorry that was some delay but it is on its way.

Mr. TALLE. Mr. Chairman, while we are waiting, were you in the room, Mr. Hart, when I read from these two reports?

Mr. HART. Yes, sir.

Mr. TALLE. You heard the quotations I read?

Mr. HART. Yes, sir.

Mr. TALLE. Do you have any comments to make on these abstracts?

Mr. HART. Very frankly, Congressman, I do not feel qualified to dispute those figures as inserted in that report. Sometimes we get a rather distorted picture from those reports. Somebody will get a view which, to you and me, would be entirely plausible, but to someone else might be very much up in the air, and I am afraid that some of those figures which were presented to you, gentlemen, do carry more or less of an inflated idea. For instance, in the testimony just given here a few moments ago, Mr. Voorhees brought up the point that the Cactus plant was in operation, or, rather, was about to go into operation. As a matter of fact, it has been in operation—very small, that is true, 1,500 tons—it has been stepped up to 3,000 tons this month, I believe, and I hope will be around 7,000 tons per month by June. That is coming back, and the 253,000 tons which the Army had anticipated receiving this year will not materialize because of the fire having taken out for 1 or 2 months completely that plant, and then it taking time to get it back in production. Those things were not brought before the committee. I wish they were, because then you would have a clear picture of the entire story.

Mr. TALLE. Thank you.

(The statement of the Secretary of Commerce, read to the committee by Mr. Hale, follows:)

Mr. HALE (reading):

DEAR MR. CHAIRMAN: I understand that a proposal has been made to amend Public Law 188 by deleting the authority to exercise import controls over nitrogenous fertilizer materials and by restricting to military production the export priorities to meet international commitments.

As expressed in previous testimony before your committee, and in our quarterly reports, participation in the International Emergency Food Committee program has been of substantial assistance in carrying out our foreign policy, and is, I believe, in our national interest. While our participation in these programs should be reviewed constantly in the light of our domestic needs and national interests, I do not feel that our participation should be abandoned or seriously curtailed at this time without serious consideration of the consequences which might result.

Our experience has shown that it is essential to our participation in the International Emergency Food Committee fertilizer program that the Government should have power to control imports and have power to meet our export commitments.

Accordingly, I recommend that the power to exercise import controls of nitrogenous fertilizer materials should not be dropped.

I believe it to be desirable to examine the possibility of shipping part or all of our civilian export commitments from Army production, and I am in favor of legislation which would permit this course to be taken. Perhaps it would be preferable to have this method made permissive rather than compulsory, as such action would, of course, require a balancing of the needs of other importing nations, the occupied areas, our own domestic needs, and the effect upon our national interests.

Sincerely yours,

SECRETARY OF COMMERCE.

The CHAIRMAN. Mr. Hale, do you not understand this amendment which has been proposed here to give the President, through the Department of Commerce, discretionary powers with respect to the allocation of the production of the Department of the Army?

Mr. HALE. Yes, sir; as I understand it, the amendment this letter was addressed to was to eliminate our power to give export priorities assistance to civilian production.

Mr. KUNKEL. Are you in favor of the Norblad amendment?

Mr. HALE. Yes; Mr. Sawyer spoke in favor of that. We did have two editorial changes which we have suggested to the staff, but the substance of the Norblad amendment, we feel, would be helpful.

Mr. KUNKEL. I heard the Secretary's testimony, but I wanted to get it clear in view of this letter and also to clarify which amendment this letter was directed to.

Mr. HALE. Yes, sir; it is directed to the later version of Mr. Abernethy's amendment.

The CHAIRMAN. That amendment provides for "including nitrogenous compound, in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export." How does that change the existing law? The whole thing is discretionary, anyhow.

Mr. HALE. Under existing law, the only thing that we feel we can use the priorities on is the very kind of material that is needed to go abroad. This would give us power to direct nitrogenous compounds, such as anhydrous ammonia, to plants which produce the kinds of fertilizer that can be shipped abroad. We could use our powers on anhydrous ammonia, except for the practical fact that that is not shipped abroad.

The CHAIRMAN. In reading the Norblad amendment:

Title III of this act and the amendments to existing law made by such title shall remain in force * * * for the exercise of the powers, authority, and discretion thereby conferred on the President, but limited to * * * fats and oils (including oil-bearing materials, fatty acids, butter, soap, and soap powder, but excluding petroleum and petroleum products) and rice and rice products, for the purpose of exercising import controls only; and nitrogenous fertilizer materials for the purposes of exercising import control and of establishing priority in the production and delivery for export, including nitrogenous compound, in any form, necessary for the manufacture and delivery of nitrogenous fertilizer materials required for such export.

I do not see where you touch the production by the Department of the Army at all.

Mr. HALE. No, sir; the Norblad amendment, as I understand it, would not have anything to do with the Army's production. It would only enable us to get, from civilian sources, our civilian export program, by spreading the load more evenly and without having put this disproportionate load on the producers of the kinds of fertilizer that we do ship abroad.

The CHAIRMAN. The first paragraph says:

I understand that a proposal has been made to amend Public Law 188 by deleting the authority to exercise import controls over nitrogenous fertilizer materials and by restricting to military production the export priorities to meet international commitments.

My understanding of what he wants is that he wants continuance of priorities over private production for export purposes.

Mr. HALE. Two things, sir. First, continuance of the authority to use import controls.

The CHAIRMAN. Yes.

Mr. HALE. Which, strictly speaking, as I understand it, was not in the Abernethy amendment, to begin with, and if we are to take——

The CHAIRMAN. I am addressing myself now more to the question of the Norblad amendment.

Mr. HALE. Yes. Well, if we are to take the fertilizers for the civilian export program out of civilian production, we do feel that the Norblad amendment would be very helpful.

If the Congress decides to take all of the export program out of the Army's production, then, it seems to me, the Norblad amendment would not be necessary.

Mr. RILEY. Is it your proposal to take some of the material that you need out of the Army production?

Mr. HALE. We would very much like to be able to.

Mr. RILEY. For countries other than the occupied countries?

Mr. HALE. Yes.

Mr. RILEY. That is your proposal?

Mr. HALE. We would like to be able to. As I understand it, the Army now has questions as to whether it could use its fertilizer for that purpose because of the commitments that were made in getting their appropriations. We would like to have that bar removed, and be able to draw on the Army's production. However, drawing on the Army's production, we feel, does raise the question as to how great the need is for the occupied areas, and we do not feel at the moment that we could say, right now, that either half of the 61,000 tons, or a third of it, or all of it, could come out of the Army's production. We feel we would have to look into that further.

Mr. RILEY. Of course, as they increase their production, you could increase your drawing on them and release it commercially?

Mr. HALE. Unquestionably, and as soon as there is any surplus from the Army, we feel that should be made available for either the commercial export program or domestic use. There is a question of fact, however, as to when they would be considered to have a surplus. I know the Army now feels that it does not have a surplus. Other people may disagree with them. But it seems to me there is a serious question as to the point at which they could spare some, and, if so, how much.

The CHAIRMAN. Mr. Sawyer says here :

I believe it to be desirable to examine the possibility of shipping part or all of our civilian export commitments from Army production, and I am in favor of legislation which would permit this course to be taken.

Then he goes on to say that perhaps it would be preferable to have it permissive rather than compulsory. The Norblad amendment has not touched the production of the Department of the Army in any way.

Mr. HALE. I had understood that the Norblad amendment would not help in getting any from the Army, sir.

The CHAIRMAN. That is what I understood. And I thought what we were discussing here this morning was trying to get a little broader use of this Army production.

Mr. HALE. Yes, sir.

The CHAIRMAN. He says here :

I believe it to be desirable to examine the possibility of shipping part or all of our civilian export commitments from Army production.

But he has no suggested language of how that might be done, and still continue priorities on private production.

Mr. HALE. No, sir; we did not put in here any suggested language. As a matter of fact, sir, I am not at all sure that the best method of accomplishing this result—I suspect the best method might be to

approach it through the Army's appropriation language rather than through an amendment of this bill, the reason for that being that it is the Army's provisions which make it difficult, or impossible, for them to participate in this program.

The CHAIRMAN. We do not want the Appropriations Committee to write legislation. Legislative committees are the ones which should write the legislation.

Mr. TALLE. Mr. Chairman, I have a table here, table 17 in Secretary Krug's report of October 9, 1947, on nitrogen. There is a column which gives import figures from 1919 to 1946, and estimated figures thereafter. Those figures certainly indicate that we got quite a little from abroad when there were no controls. May I have permission to insert this table in the record of the hearings, Mr. Chairman?

The CHAIRMAN. Yes, I believe that would be helpful.

(The table referred to is as follows:)

United States production, exports and imports nitrogen

[In short tons]

Year	Pro- duction	Ex- ports	Im- ports	Con- sump- tion	Year	Pro- duction	Ex- ports	Im- ports	Con- sump- tion
1919.....	83,000	3,774	92,160	171,386	1936.....	358,808	53,405	186,578	491,981
1920.....	104,000	21,751	266,900	349,149	1937.....	418,484	45,943	210,692	583,233
1921.....	74,000	30,506	85,142	128,636	1938.....	382,492	41,153	206,579	547,918
1922.....	110,000	39,389	119,618	190,229	1939.....	423,853	39,443	213,784	598,176
1923.....	136,000	40,000	190,000	286,000	1940.....	501,186	70,040	190,734	621,880
1924.....	129,642	35,754	201,888	295,776	1941.....	593,778	54,523	169,188	708,443
1925.....	151,113	35,967	235,747	350,893	1942.....	768,445	39,497	251,192	980,140
1926.....	166,367	48,618	201,229	318,978	1943.....	1,061,236	62,610	218,375	1,217,001
1927.....	177,622	36,446	189,523	330,699	1944.....	1,212,407	42,023	192,704	1,363,088
1928.....	219,850	28,865	264,402	455,386	1945.....	1,061,666	41,279	248,460	1,268,847
1929.....	318,879	41,910	236,289	513,258	1946.....	857,173	55,720	201,570	1,003,023
1930.....	279,354	27,199	170,553	422,708	1947 ¹	1,300,000	290,000	180,000	1,190,000
1931.....	218,492	33,714	156,103	340,881	1948 ¹	1,325,000	250,000	175,000	1,250,000
1932.....	179,718	34,987	105,858	250,589	1949 ¹	1,350,000	200,000	150,000	1,300,000
1933.....	230,844	22,713	135,077	343,208	1950 average ¹	1,400,000	150,000	150,000	1,400,000
1934.....	256,701	37,430	135,611	354,882	1951 average ¹				
1935.....	292,275	46,979	142,097	387,393	1952 average ¹				

¹ Estimated.

The CHAIRMAN. The Abernethy amendment, cutting out nitrogenous fertilizer from controls, but leaving in the language:

In the case of nitrogenous fertilizer materials produced by the Department of the Army, for the purpose of establishing priority in production and delivery for export,

that would not interfere in any way with the imports under the International Emergency Food Committee, excepting what you might think is a danger of not meeting our commitments to the International Emergency Food Committee in exports?

Mr. HALE. Yes, sir.

The CHAIRMAN. That is the only thing we have before us, is it not?

Mr. HALE. Yes, sir.

The CHAIRMAN. And the International Emergency Food Committee merely has advisory powers, anyhow, has it not?

Mr. HALE. Yes, sir.

The CHAIRMAN. Our participation in it is purely voluntary. We do not make any definite commitments, do we?

Mr. HALE. That is right.

The CHAIRMAN. The suggestion made here this morning was that we probably would not get the imports if we did not control the exportation of private production. It seems to me that we are going to get the imports anyway, and it is just a question of letting the farmers here bid against industry for the available supply; is that not correct?

Mr. HART. Mr. Wolcott, may I say a word?

The CHAIRMAN. Yes.

Mr. HART. I believe that there is some confusion. The International Emergency Food Committee allocates to the United States 188,000 tons. Even if we had no import controls, there would be no available nitrogen to ship to the United States, over and above 188,000 tons, provided they allocated that to us, which I seriously doubt, if we do not join in the——

The CHAIRMAN. What do you think would happen if the other countries in the International Emergency Food Committee did not allocate any nitrogen products to the United States, these countries who are desirous of getting American dollars? Do you think they would go along with that program?

Mr. HART. They would not be very happy about it, Mr. Chairman.

The CHAIRMAN. You would probably find a readjustment of the whole situation. We are up against a situation on the floor. I do not think for a moment that we can go on the floor and defend this fertilizer situation any longer. I would not want to have to try to defend any action of this committee curtailing the program to the point where we are going to keep our own farmers from getting their absolute fertilizer needs. We have a dust bowl developing, as Dr. Talle brought up. We have a situation in America where we cannot continue to feed the world unless we restore our soil periodically.

Mr. HART. I agree with you, Mr. Chairman, but I also agree that unless the United States participates in the International Emergency Food Committee, there will be no International Emergency Food Committee. And unless there is an International Emergency Food Committee——

The CHAIRMAN. We are participating in the International Emergency Food Committee on hundreds of other articles in addition to fertilizer. We did not set up the International Emergency Food Committee merely to allocate fertilizer. We allocate everything else as well?

Mr. HART. That is true.

The CHAIRMAN. So IEFEC is going to continue. What we might need are some adjustments.

Mr. HART. The fertilizer committee might drop by the wayside, and probably would. The question comes up that if we do permit it to come into the United States it will relieve our situation, there is no question about that, as far as our local farmers are concerned. But, at the same time, we are now advocating a European relief program, and where in the world are we going to get this fertilizer to send to Europe?

The CHAIRMAN. The European relief program does not contemplate injuring our domestic economy—to the contrary.

Mr. HART. Yes, sir. That is why we have tried to hold it down to 61,000, even in spite of the talk of 125,000. The Commerce Department maintains 61,000 is as far as we can go.

The CHAIRMAN. If we take fertilizer out from under control there is going to be immediate incentive to get additional production under the Army program. They will probably activate the Missouri plant, and they will probably double the capacity of the Cactus plant.

Mr. HART. Mr. Chairman, you could not reactivate the Missouri ordnance plant and get it into use in less than 9 months, at the minimum. And at the end of the 9 months you still have that contention of the Government operating one part of the plant and not permitting an outsider to come in there and operate the other two trains. I have been fighting for that ever since I have been in Washington.

The CHAIRMAN. Could part of the plant not be operated by the Bureau of Mines and part by the Army—why was the whole plant not operated by the Department of the Army?

Mr. HART. That is the way it should have been done.

The CHAIRMAN. What is the nature of the Bureau of Mines operation there?

Mr. HART. It is in connection with synthetic fuel.

The CHAIRMAN. Do you not think it is more important that we get our land restored so we can feed ourselves?

Mr. HART. I am in favor of that 100 percent. I think everybody around the table will verify the fact that I am from Carolina, where we need fertilizer awfully bad.

Mr. BROWN. Mr. Hart, in this emergency could the War Department borrow some from industry, as they did some time ago, and repay it later?

Mr. HART. Mr. Brown, I honestly believe the solution of this whole problem is this: I believe you gentlemen will go along with this, and I believe we can carry it through. Before the Army testified here this afternoon I had talked to Mr. Voorhees and Colonel Norvell, and I said to them:

These men are under a terrific pressure; they are getting it from all sides—from the constituents, from the floor, and from every angle—and something has to be done to relieve the situation. If 61,000 tons are going to throw you for a loop, for goodness sake go in there and volunteer to come across with half of the program.

The CHAIRMAN. But they did not.

Mr. HART. Thirty-five thousand tons will relieve that. If I can do that, I can take the pressure off so that the folks back home will not be crowding the Congress with a deluge of protests.

Mr. FOLGER. I do not see that they need to carry on this research in a fertilizer-producing plant in this emergency. I think they could carry on that operation somewhere else.

Mr. HART. Mr. Folger has an idea. If we could go to the Army and say:

Let us have 30,000 tons until we can get this Missouri ordnance plant reactivated and get it into operation, and at such time repay you.

that may be an awfully good plan. That really can be done. But I am wondering whether we should, after the testimony this morning, be able to get the Army to go along with us.

The CHAIRMAN. All the President has to do, under this program, is to tell the Army to make available so many tons of fertilizer.

Mr. HART. I think so.

Mr. BROWN. I agree with Mr. Wolcott. Unless Congress does something we will not get any results.

Mr. HART. I agree with you. You are getting it, gentlemen, but just imagine what is going over our desks. The protests are terrific.

The CHAIRMAN. We frequently find ourselves in a position to settle a controversy between two executive departments. We are constantly called upon to do it. Sometimes we have to adopt far-reaching methods to do it. As far as I am concerned, I would be in favor of taking it out altogether, with the exception of this priority of production and delivery for export, and see what happens. If something happens, we will have to come back and correct it, naturally.

These controls are not popular anyhow. If we continue this bill until May 31 with the idea that the situation will correct itself to the point where we can get rid of all of them—we are not going to get very much help on the floor, either in the House or in the Senate, for continuing these controls. We have got to make out a case for tin. We have got to sell the Congress on the idea of continuing controls on tin. We all agree that we must continue controls on tin. But I would hate to take to the floor a bill such as this under the present circumstances. I think we would probably find something much more drastic on the floor.

Mr. BROWN. You seem to think Ordnance would be willing to supply at least half of this 61,000 tons.

Mr. HART. I do.

Mr. BROWN. If they could go that far, that might solve the situation.

Mr. HART. They borrowed from industry.

Mr. BROWN. But Members of Congress are not going to be satisfied with a promise. We should incorporate it in this bill.

Mr. HART. Can you not legislate it? Can you not say that at least 50 percent of the program must be met by Army production?

Mr. BROWN. I believe we could do that.

The CHAIRMAN. Thank you very much, Mr. Hart and Mr. Hale.

The committee will now go into executive session.

(Whereupon, the committee went into executive session.)

[H. R. 6659, 80th Cong., 2d sess.]

A BILL To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 1501 of the Second War Powers Act, 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, Eightieth Congress), and as further amended by the Act of February 28, 1948 (Public Law 427, Eightieth Congress), is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "February 28, 1949." Subsection (b) (1) (C) of such section 1501 is hereby repealed. Subsection (b) (1) (E) of such section 1501 is hereby amended by inserting before the semicolon at the end thereof a comma and the following: "and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export: *Provided, however,* That 50 per centum of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials produced in plants operated by the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce such nitrogenous fertilizer materials to fill such 50 per centum of such export requirements." Subsection (c) of such section 1501 is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "February 28, 1949."

SEC. 2. Subsection (b) of section 3 of the Act entitled "An Act to aid in the stabilization of commodity prices, to aid in further stabilizing the economy of the United States, and for other purposes," approved December 30, 1947, is hereby repealed.

H. R. 6571

IN THE HOUSE OF REPRESENTATIVES

MAY 14, 1948

Mr. Wolcott introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (b) of section 1501 of the Second War
4 Powers Act, 1942, as amended by the Second Decontrol
5 Act of 1947 (Public Law 188, Eightieth Congress), and
6 as further amended by the Act of February 28, 1948 (Public
7 Law 427, Eightieth Congress), is hereby amended by strik-
8 ing out "May 31, 1948" and inserting in lieu thereof "Febru-
9 ary 28, 1949". Subsection (b) (1) (C) of such section
10 1501 is hereby amended by striking out "quinine,". Sub-
11 section (c) of such section 1501 is hereby amended by
12 striking out "May 31, 1948" and inserting in lieu thereof
13 "February 28, 1949".

80TH CONGRESS
2d Session

H. R. 6571

A BILL

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947.

By **Mr. Wolcott**

MAY 14, 1948

Referred to the Committee on Banking and Currency

TEMPORARY EXTENSION OF CERTAIN PROVISIONS OF SECOND DECONTROL ACT OF 1947

MAY 24, 1948.—Committed to the Committee of the Whole House on the state
of the Union and ordered to be printed

Mr. WOLCOTT, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany H. R. 6659]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The Congress in July 1947 enacted the Second Decontrol Act of 1947 which extended certain limited wartime economic controls over certain key materials and facilities in short supply as a result of the war. Specifically, it authorized distribution and use controls over tin and tin products, antimony, and cinchona bark, quinine and quinidine; import controls over fats and oils, rice and rice products, nitrogen fertilizer and pig tin; the power of granting priorities assistance over certain specified conditions where the prompt export of the materials is clearly advantageous to the national interest; the use of transportation equipment and facilities by rail carriers; and export controls.

This act which would have expired on February 29, 1948, was temporarily extended through the close of May 31, 1948, by Public Law 427, Eightieth Congress. It should also be recalled that the provisions of the act with respect to export controls and rail transportation controls were extended to the close of February 28, 1949, by Public Law 395, Eightieth Congress.

2 EXTENSION OF CERTAIN PROVISIONS OF SECOND DECONTROL ACT

The committee examined the present position of the materials and facilities subject to these controls in the light of the finding of fact in the Second Decontrol Act of 1947 that—

Certain materials and facilities continue in short supply at home and abroad as a result of the war—

and the statement of policy that—

it is the general policy of the United States to eliminate emergency wartime controls of materials except to the minimum extent necessary.

Section 3 of the Second Decontrol Act of 1947 amended section 1501 of the Second War Powers Act, 1942, as amended, so as to limit the exercise of the powers, authority, and discretion conferred on the President to certain specified materials and purposes.

Subsection (b) (1) (C) of such section 1501 provides for the exercise of controls over cinchona bark, quinine, and quinidine, when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947) from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution or when made from any of such materials so acquired. No controls have been exercised over quinine since the first of this year due to the fact that there is no short supply of quinine. Controls have continued to be exercised over Government-owned stocks of quinidine but the committee found upon investigation that the tight supply conditions existing with respect to this commodity were occasioned by a substantial increase in use through wider application by the medical fraternity rather than by any shortage of supply resulting from the war. For instance in the five prewar years 1937 to 1941, inclusive, imports amounted to 570,186 ounces or an average of 114,037 ounces per year. In the 4 years 1944 to 1948 inclusive, imports amounted to 1,035,623 ounces or an average of 258,906 ounces per year. In this 4-year total it was noted that 460,424 ounces have been imported in the year 1948 alone. Of the 1948 total 100,000 ounces were imported by private sources (an amount which substantially exceeds total imports for any of the prewar years 1938, 1940, or 1941) and 360,424 ounces have been purchased by the RFC which has acted as the purchasing agent for Government-owned stocks. In addition to these imports there is a certain amount of domestic production from processing of privately imported cinchona bark and from reprocessing quinine. For the year 1948 the Department of Commerce estimates domestic production at 83,000 ounces. It is apparent that the position of quinidine therefore, is no different than that of many other drugs which in the initial stage of development or discovery of wider application of use are placed in a position of tight supply with respect to the new demand.

Quinidine is used in the treatment principally of functional rather than organic cardiac disturbances. The source of supply is from the Netherlands Indies and for practical purposes the entire supply brought into the country is through one American agent representing the Dutch producing interests. Pharmaceutical houses can make their purchase contracts directly with this American representative of the Dutch interest just as readily as can the RFC and in a peacetime economy should be doing so rather than be depending upon the Government to serve as purchasing agent and have Government funds tied up in advance purchases pending the time that monthly allocations

are made and taken up by the pharmaceutical houses. Inasmuch as the RFC has already purchased the 225,000 ounces allocated to this country by the Dutch interests for the last half of 1948, supplies for the balance of this year are assured and private industry will have ample time to adjust its future operations to a basis of direct private purchase rather than Government purchase. The committee has deleted the authority in the act with respect to quinine, quinidine, and cinchona bark. As previously noted quinine controls had already been discontinued and inasmuch as RFC had not been purchasing cinchona bark there remained only the problem of quinidine which the committee believed should be returned to private industry.

The committee gave a great deal of study to the subject of nitrogenous fertilizers. A number of Members of Congress appeared before the committee calling attention to the acute shortage of nitrogenous fertilizers available to farmers of their districts. Attention was called to the mining and exporting of the fertility of American farms occasioned by the huge shipments of crops from American farms under the foreign-aid program. Attention was also called to the long-range implications of this process in connection with our long-range farm problems. The call upon farmers for production of crops has necessitated a marked increase in demands for nitrogenous fertilizer materials. The committee also gave consideration to the desirability of taking all reasonable steps to increase the production of food abroad through the export of a reasonable amount of nitrogenous fertilizer materials. Under the conditions of shortage that exist domestic and foreign demands are conflicting demands and the committee earnestly endeavored to compromise these conflicting demands in a manner which would allow an increase in nitrogenous fertilizer materials available to the American farmer. The committee amended the existing powers with respect to nitrogenous fertilizer materials to include authority with respect to nitrogenous compounds (including anhydrous ammonia).

It was believed that by tapping a portion of the supply of anhydrous ammonia going into commercial channels, it could be directed to use in the manufacture of nitrogenous fertilizer materials and there would thereby be an increase in the over-all supply of nitrogenous fertilizers. The committee also gave consideration to the question of nitrogenous fertilizer production in ordnance plants operated by the Department of the Army. At the present time all nitrogenous fertilizer production from Army ordnance plants is being delivered to the occupied areas, this amount approximating 250,000 tons of contained nitrogen per year. In addition to these shipments outside this country it is estimated that some 60,000 tons of contained nitrogen in fertilizers (other than from ordnance production) are being shipped abroad to nonoccupied areas. The bill would require that at least 50 percent of the shipments abroad to nonoccupied areas be provided by production from Army ordnance plants in this next year. The committee ascertained that there was capacity in Government-owned plants that could be activated or developed to meet these production demands without serious curtailment of the program of shipment to occupied areas. For instance, one Army ordnance plant is being partially utilized by the Bureau of Mines for conducting experiments in the production of synthetic fuel. At this plant are two idle units not involved in the Bureau of Mines experiments which could be

called upon to help meet this shortage in the production of nitrogenous fertilizer materials. At another Army ordnance plant, completion now going forward of installation of equipment should provide added capacity for production of materials that can be used in nitrogenous fertilizers. While recognizing fully the obligation this country is undertaking with respect to the rehabilitation of Europe, the committee is insistent that in these programs consideration must be given to the needs of protecting our own domestic economy. The committee believes that in the action which it has taken, progress is made toward balancing domestic needs and foreign requests for the existing short supply of nitrogenous fertilizer materials.

The committee had previously reported out, after extended hearings, H. R. 5470 which provided for repeal of subsection (b) of section 3 of the act entitled "An act to aid in the stabilization of commodity prices, to aid in further stabilizing the economy of the United States, and for other purposes." This related to the use of price criteria in connection with granting export licenses. H. R. 5470 passed the House on March 15, 1948. Inasmuch as the bill has not been acted upon by the other body and inasmuch as export control authority was granted under the provisions of section 4 of the Second Decontrol Act of 1947, the committee considered it appropriate to include the provisions of H. R. 5470 as section 2 of this bill.

The committee gave extended consideration to the other remaining controls provided by the Second Decontrol Act of 1947, as amended. The evidence pointed to the desirability of continuing distribution and use controls over tin and tin products, and antimony; import controls over fats and oils, rice and rice products, nitrogen fertilizer, and pig tin; and the power of granting priorities assistance under certain specified conditions where the prompt export of the materials is clearly advantageous to the national interest. Under the provisions of the bill, these controls are extended to the close of February 28, 1949.

CHANGES IN EXISTING LAWS

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECOND DECONTROL ACT OF 1947

* * * * *

TEMPORARY RETENTION OF CERTAIN EMERGENCY POWERS

SEC. 3. To effectuate the policies set forth in section 2 hereof, title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

"SEC. 1501. (a) Except as otherwise provided by statute enacted during the Eightieth Congress (including the First Decontrol Act of 1947 and Public Law Numbered 145, approved June 30, 1947) and except as otherwise provided by subsection (b) of this section, titles I, II, III, IV, V, VII, and XIV of this Act and the amendments to existing law made by such titles shall remain in force only until March 31, 1947. After the amendments made by any such title cease to be in force, any provisions of law amended thereby (except subsection (a) of section 2 of the Act entitled 'An Act to expedite national defense, and for other purposes',

approved June 28, 1940, as amended) shall be in full force and effect as though this Act had not been enacted.

“(b) Title III of this Act and the amendments to existing law made by such title shall remain in force until the close of **[May 31, 1948]** *February 28, 1949*, for the exercise of the powers, authority, and discretion thereby conferred on the President, but limited to—

“(1) the materials (and facilities suitable for the manufacture of such materials), as follows:

“(A) Tin and tin products, except for the purpose of exercising import control of tin ores and tin concentrates;

“(B) Antimony;

“(C) Cinchona bark, quinine, and quinidine, when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947) from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution, or when made from any of such materials so acquired;]

“(D) Materials for export required to expand or maintain the production in foreign countries of materials critically needed in the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for manufacture and delivery of the materials required for such export;

“(E) Fats and oils (including oil-bearing materials, fatty acids, butter, soap, and soap powder, but excluding petroleum and petroleum products) and rice and rice products for the purpose of exercising import control only; and nitrogenous fertilizer materials for the purposes of exercising import control and of establishing priority in production and delivery for export, *and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export: Provided, however, That 50 per centum of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials produced in plants operated by the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce such nitrogenous fertilizer materials to fill such 50 per centum of such export requirements;*

“(F) Materials (except foods and food products, manila (abaca) fiber and cordage, agave fiber and cordage, and fertilizer materials), including petroleum and petroleum products, required for export, but only upon certification by the Secretary of State that the prompt export of such materials is of high public importance and essential to the successful carrying out of the foreign policy of the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for the manufacture and delivery of the materials required for such export: *Provided, That no such priority based on a certification by the Secretary of State shall be effective unless and until the Secretary of Commerce shall have satisfied himself that the proposed action will not have an unduly adverse effect on the domestic economy of the United States; and*

“(2) The use of transportation equipment and facilities by rail carriers.

“(c) Notwithstanding the extension through **[May 31, 1948]**, *February 28, 1949*, made by subsection (b), the Congress by concurrent resolution or the President may designate an earlier time for the termination of any power, authority, or discretion under such title III. Nothing in subsection (b) shall be construed to continue beyond July 15, 1947, any authority under paragraph (1) of subsection (a) of section 2 of the Act entitled ‘An Act to expedite national defense and for other purposes,’ approved June 28, 1940, as amended, to negotiate contracts with or without advertising or competitive bidding; and nothing contained in this section, as amended, shall affect the authority conferred by Public Law 24, Eightieth Congress, approved March 29, 1947, or the Sugar Control Extension Act of 1947.”

* * * * *

[PUBLIC LAW 395—80TH CONGRESS]

* * * * *

6 EXTENSION OF CERTAIN PROVISIONS OF SECOND DECONTROL ACT

EXPORT CONTROLS

SEC. 3. (a) Section 6 (d) of the Act of July 2, 1940 (54 Stat. 714), as amended, is amended by striking out "February 29, 1948" and inserting in lieu thereof "February 28, 1949."

[(b) Notwithstanding any other provision of law, the President in the exercise of the powers, authority, and discretion conferred upon him by such Act of July 2, 1940, as amended, is authorized to use price criteria in the licensing of exports either by giving preference among otherwise comparable applications to those which provide for the lowest prices, or, in exceptional circumstances, by fixing reasonable mark-ups in export prices over domestic prices.]

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Union Calendar No. 985

80TH CONGRESS
2D SESSION

H. R. 6659

[Report No. 2022]

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 1948

Mr. WOLCOTT, from the Committee on Banking and Currency, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (b) of section 1501 of the Second War
4 Powers Act, 1942, as amended by the Second Decontrol
5 Act of 1947 (Public Law 188, Eightieth Congress), and
6 as further amended by the Act of February 28, 1948 (Public
7 Law 427, Eightieth Congress), is hereby amended by strik-
8 ing out "May 31, 1948" and inserting in lieu thereof "Feb-
9 ruary 28, 1949". Subsection (b) (1) (C) of such section
10 1501 is hereby repealed. Subsection (b) (1) (E) of such
11 section 1501 is hereby amended by inserting before the semi-

1 colon at the end thereof a comma and the following: "and
2 nitrogenous compounds (including anhydrous ammonia),
3 in any form, necessary for the manufacture and delivery of
4 the nitrogenous fertilizer materials required for such export:
5 *Provided, however,* That 50 per centum of the export re-
6 quirements of nitrogenous fertilizer materials to nonoccupied
7 areas shall be supplied out of nitrogenous fertilizer materials
8 produced in plants operated by the Department of the Army,
9 and notwithstanding any other provision of law the Depart-
10 ment of the Army is authorized to produce such nitrogenous
11 fertilizer materials to fill such 50 per centum of such export
12 requirements". Subsection (c) of such section 1501 is
13 hereby amended by striking out "May 31, 1948" and in-
14 serting in lieu thereof "February 28, 1949".

15 SEC. 2. Subsection (b) of section 3 of the Act entitled
16 "An Act to aid in the stabilization of commodity prices,
17 to aid in further stabilizing the economy of the United States,
18 and for other purposes", approved December 30, 1947, is
19 hereby repealed.

80TH CONGRESS
2^D Session

H. R. 6659

[Report No. 2022]

A BILL

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

By Mr. WOLCOTT

MAY 24, 1948

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued May 27, 1948
For actions of May 26, 1948
80th-2nd, No. 95

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Flood control.....8,25	Minerals.....24	Trade, foreign.....2,3,14,35
Forests and forestry.....1,6		Transportation.....20

HIGHLIGHTS: House passed bills to continue trade-agreements program for 1 year with amendments; to transfer alcohol plants to USDA; and to continue certain allocation and import-export control powers. Rep. Dirksen asked for conference on agricultural appropriation bill but withdrew request when Rep. Cannon moved to instruct conferees to agree to ACP amendment. House committee reported Interior appropriation bill. Senate committees reported revised property-management bill and bill to continue certain allocation and import-export controls. Sen. Wherry discussed his protest to to USDA on export of wool and meat scraps from Mexico in view of foot-and-mouth disease there.

HOUSE

1. **INTERIOR DEPARTMENT APPROPRIATION BILL.** The Appropriations Committee reported this bill, H. R. 6705 (H. Rept. 2038) (p. 6658). The bill includes items for soil and moisture conservation on Interior lands, Board of Geographic Names, Bureau of Reclamation, Bonneville Power Administration, Southwestern Power Administration, Bureau of Land Management, Bureau of Indian Affairs, National Park Service, Fish and Wildlife Service, Government in the territories, etc. It provides a total of \$375,677,591, which is less than the 1949 estimates by \$84,293,244 but more than the 1948 appropriations by \$112,876,532.

Excerpts from the committee report:

Indian services. "In many instances, the committee is convinced that the functions which the Bureau of Indian Affairs is attempting to carry out are overlapping and in some cases in conflict with programs and functions authorized by law to be performed by other bureaus and departments of Government. These overlapping activities are particularly to be noted in the field of agriculture. In many instances, the Extension Service, soil-conservation work, farm agents, and others in the localities are ready, willing, and able to render the same type of service and extend their operations to the Indians in that area, that they are extending to other citizens. In such cases, the committee believes that generally there is no need for a separate representative of the Bureau of Indian Affairs to deal with the Indians solely. In other instances, in the matter of forest

development, protection, and operations, the committee does not believe that there is any necessity for a continued operation of this function and the handling of it separately by the representatives of the Bureau of Indian Affairs, but that these activities can well be performed by, and should be under the supervision of, the National Forest Service."

Reclamation. "The committee desires to reemphasize its statement in former reports on the bill, that the reclaiming of arid lands by the construction of reclamation projects is and always has been the primary purpose of the reclamation laws. Development of hydroelectric power is incidental to irrigation and is made as a means of financially aiding and assisting such undertakings. This policy should not be departed from without specific legislation by the Congress."

Grazing service. "While it is the intention of the committee that a moderate reduction be made in the proposed increase for grazing administration, the committee wishes to go on record as being in general harmony with the program for financing this activity as set forth in the formula proposed by the Bureau of Agriculture Economics as a result of its survey of the Grazing Service and as set forth in the justification submitted by the Bureau of Land Management. It is the opinion of the committee that the formula set forth therein is sound and reasonable and the committee feels that funds should be allocated for this work in an amount approaching the figure proposed in the budget estimate."

2. TRADE AGREEMENTS. Passed, 234-149, without amendment H. R. 6556 (pp. 6657-703). This bill continues the reciprocal trade agreements program until June 30, 1949, but provides for a study by the Tariff Commission of each item to be considered in connection with such an agreement and requires that, if the rates in the tentative agreement are not within the findings of the Commission, the President may not proclaim the new rates until Congress has had a 60-day opportunity to object by concurrent resolution. Before the bill was considered, the resolution providing for its consideration was agreed to by a 197-166 vote, after the vote on the resolution had been ordered by a 212-156 vote (pp. 6663-4). Just before passage of the bill, rejected, 168-211, a motion by Rep. Doughton, N. C., to recommit the bill with instructions that the Ways and Means Committee report it back with a provision for continuing the present program for 3 years without change (p. 6702).
3. ALLOCATIONS; FOREIGN TRADE. Passed without amendment H. R. 6659, which continues through February 1949 the import controls over fats and oils, rice and its products, nitrogenous fertilizer, and pig tin; and priorities power under certain conditions where prompt export of materials is in the national interest (p. 6657).
4. ALCOHOL PLANTS. Passed with amendments H. R. 6096, to transfer to this Department the alcohol plants at Muscatine, Kansas City, and Omaha (pp. 6713-4). In addition to the committee amendments, agreed to an amendment by Rep. Hope to permit the use of other USDA funds for expenses necessary in connection with maintaining the plants in stand-by condition while not under lease.
5. AGRICULTURAL APPROPRIATION BILL. Rep. Dirksen asked that the House disagree to the Senate amendments to this bill, H. R. 5883, and ask for a conference. Rep.

Cannon offered a motion to instruct the House conferees to agree in conference to the Senate amendment which would authorize a 1949 ACP of \$300,000,000. Rep. Dirksen then withdrew his request. Rep. Cannon objected to withdrawal of the request, but the Speaker ruled that this objection came too late. (p. 6703.) Later the Speaker announced that he had assured members nothing controversial would be brought up during the balance of the day (p. 6712).

6. FOREST LANDS. Concurred in the Senate amendment to H. R. 3785, to authorize Minn. to condemn certain U. S. lands, including some in the Chippewa National Forest, for fish propagation (p. 6653). This bill will now be sent to the President.
7. RECLAMATION. Agreed to the Senate amendment to H. R. 3731, authorizing modifications in the repayment contracts with the lower Yellowstone irrigation districts 1 and 2 (p. 6653). This bill will now be sent to the President.
8. FLOOD CONTROL. Rep. Brooks, La., spoke in support of flood control (pp. 6714-6).
9. HOUSING. Rep. Buchanan, Pa., spoke in favor of the T-E-W housing bill, S. 866, and expressed a fear that the Banking and Currency Committee will take no action on it (pp. 6716-9).
10. EDUCATION. Received a letter from the President expressing a hope that the House will take favorable action at this session on legislation providing Federal aid for education (H. Doc. 677); to Education and Labor Committee (p. 6721).
11. SURPLUS PROPERTY; APPROPRIATIONS. Received from the President a supplemental appropriation estimate of \$19,155,000 for care, handling, and disposal of surplus property abroad (H. Doc. 678); to Appropriations Committee (p. 6721).

SENATE

12. PROPERTY MANAGEMENT; SURPLUS PROPERTY. The Expenditures in the Executive Departments Committee reported an original bill, S. 2754, to reorganize and simplify the procurement, utilization, and disposal of Government property (S.Rept. 1413) (p. 6613).
13. EMERGENCY POWERS. The Banking and Currency Committee reported with amendments S. 2746, to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947 (S.Rept. 1407 (p. 6613)). The "Daily Digest" states that the bill as reported "Would change the date of expiration to June 30, 1949, and restore to control cinchona bark and quinidine; also it would effect importation of fertilizer" (p. D540). The present powers under the Second Decontrol Act expire May 31, 1948.
14. FOOT-AND-MOUTH DISEASE. Sen. Wherry, Nebr., discussed the protest he had made to the Department concerning the proposed export from Mexico of wool and meat scraps, in view of the foot-and-mouth disease outbreak in Mexico; and referred to a telegram he had received from Richard Kleberg, Kings Ranch, Tex. (pp. 6638-9).
15. DISPLACED PERSONS. Continued debate on S. 2242, to authorize admission within 2 years of 100,000 displaced persons for permanent residence in the U.S. (pp. 6608-12, 6615-22).
16. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H.R. 4954, to authorize the construction, operation, and maintenance under

- Federal reclamation laws of the Kennewick division of the Yakima project, Wash. (S.Rept. 1404) (p. 6613).
17. LANDS. The Interior and Insular Affairs Committee reported without amendment H.R. 3680, to amend the Hawaiian Homes Commission Act (S.Rept. 1403) and H.R. 6091, to withdraw certain land as available land within the meaning of the Hawaiian Homes Commission Act and restore it to its previous status under the control of the Territory of Hawaii (S.Rept. 1406) (p. 6613).
 18. NATIONAL DEFENSE. The Armed Services Committee reported with amendments S. 2554, to promote the common defense by providing for the retention and maintenance of a national reserve of industrial productive capacity (S.Rept. 1409) (p. 6612).
 19. VIRGIN ISLANDS. The Interior and Insular Affairs Committee reported with amendments S. 1183, to incorporate the Virgin Islands Corporation (S.Rept. 1410) (p. 6613).
 20. TRANSPORTATION. Agreed to vote at 3:30 p.m. on Fri., May 28, on the conference report on S. 110, to amend the Interstate Commerce Act with respect to certain rate agreements between carriers (pp. 6622-4).
 21. COMMITTEES. Sen. Chavez, N.Mex., was excused from further service on the Post Office and Civil Service Committee and assigned to the Appropriations Committee, and Sen. Stennis, Miss., was assigned to the Post Office and Civil Service Committee (p. 6612).
 22. PERSONNEL. The "Daily Digest" states that a subcommittee of the Post Office and Civil Service Committee announced that S. 2279, to provide retroactive benefits to Federal employees involuntarily separated between 1945 and 1947, would be reported to the full committee at its next meeting (p. D541).

BILLS INTRODUCED

23. EMERGENCY POWERS. S. 2746, by Sen. Maybank, S.C., to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947. To Banking and Currency Committee. (p. 6613. See also item 13).
24. MINERALS. S. 2756, by Sen. Malone, Nev. (for himself and others), to stimulate the production and conservation of strategic and critical ores, metals, and minerals in the interest of national defense and for the establishment within the Interior Department of a Mine Incentive Payments Division. To Interior and Insular Affairs Committee. (p. 6613.) Remarks of author (pp. 6639-48).
25. FLOOD CONTROL. H.R. 6708, by Rep. Lenke, N.Dak., authorizing the construction of flood-control work on the Red River of the North, Minn., and N.Dak. To Public Works Committee. (p. 6722.)
H.R. 6713, by Rep. Hagen, Minn., to authorize a further preliminary examination and a new survey of the Spring Creek, North and South Branches, which flows into the Marsh River, a tributary of the Red River of the North, Norman County, Minn., for flood control, for run-off and water-flow retardation, and soil-erosion prevention. To Public Works Committee. (p. 6722.)
26. RECLAMATION. H.R. 6717, by Rep. Harless, Ariz., to authorize the reimbursement of the reclamation fund for the cost of the construction and certain costs of operation and maintenance of the Colo. River front work and levee system adjacent to the Yuma Federal irrigation project, Ariz. and Calif. To Public Lands Committee. (p. 6722.)

PERMISSION TO ADDRESS THE HOUSE

Mr. MULTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

MEN ARE BORN FREE AND EQUAL

Mr. MULTER. Mr. Speaker, on May 21, 1948, the State Department released an historical document. It is the agreement reached at the Ninth International Conference of American States at which 21 nations, the United Nations and the Pan-American Union were represented. I am not going to attempt to read all of the agreement. Although I commend it to your attention in its entirety. I will merely read a part of the preamble and some of the articles of the first chapter.

The preamble starts with these significant words:

"All men are born free and equal, in dignity and in rights, and, being endowed by nature with reason and conscience, they should conduct themselves as brothers one to another."

The first four articles are as follows:

Every human being has the right to life, liberty, and the security of his person.

All persons are equal before the law and have the rights and duties established in this Declaration, without distinction as to race, sex, language, creed, or any other factor.

Every person has the right freely to profess a religious faith, and to manifest and practice it both in public and in private.

Every person has the right to freedom of investigation, of opinion, and of the expression and dissemination of thought, by any medium whatsoever.

Article 22 is as follows:

Every person has the right to associate with others to promote, exercise, and protect his legitimate interests of a political, economic, religious, social, cultural, professional, trade-union, or other nature.

The second part of article 26 is as follows:

Every person accused of an offense has the right to be given an impartial and public hearing, and to be tried by courts previously established in accordance with preexisting laws, and not to receive cruel, infamous, or unusual punishment.

I wonder if it was purely coincidental that the agreement was released for publication in this country during the week when the portion of the Bible read in every synagogue throughout the world was from the Book of Leviticus, dealing with the command of the Lord that all men are equal before the law and that the law must be the same for all.

EXTENSION OF REMARKS

Mr. HARDY asked and was given permission to extend his remarks in the Record in two instances, to include in one an article on Okinawa and in the other a resolution.

COMMITTEE ON PUBLIC WORKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the Subcommittee on Roads of the Committee on Public

Works may sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF CERTAIN PROVISIONS OF SECOND DECONTROL ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. RICH. Mr. Speaker, reserving the right to object, what does the bill provide?

Mr. WOLCOTT. It continues certain of the temporary war powers under the Second War Powers Act. It will be recalled that about 90 days ago we continued it until May 31, with the idea that we might be able to get rid of some of the controls. This is a bill which continues controls on tin and tin products, antimony, fats and oils, rice and rice products, and nitrogenous fertilizer. It did, before the committee worked on the bill, continue controls on cinchona bark, quinine, and quinidine. We felt that the situation was such that we could very well take controls off of those, so we have eliminated them. At the present time the controls would be continued, if this bill is passed, on tin and tin products, antimony, fats and oils, rice and rice products, and certain other materials. The only controversy in the bill was with reference to fertilizer. We have made it possible, under this bill, for the American farmer, the domestic producer, indirectly to get a good portion, quite a large part of the fertilizer, nitrogenous fertilizers, which are being manufactured by the Department of the Army.

Mr. RICH. Has it not been demonstrated that the fertilizer industry of this country will be able to take care of our own domestic needs if we would not ship so much out of the country? I think it is about time that we get these decontrols out of the hands of the President. It seems to me the quicker we eliminate the power of control by the President on everything in this country, the better it is going to be. I am for it, and I want to do it, and I hate like everything to give him any extension of time, because I think we will work this thing out if we get this Government off of the necks of the people of this country.

Mr. WOLCOTT. I might say that the committee was in wholehearted accord with the gentleman's position, and we did just about that.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (b) of section 1501 of the Second War Powers

Act, 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, 80th Cong.), and as further amended by the act of February 28, 1948 (Public Law 427, 80th Cong.), is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "February 28, 1949." Subsection (b) (1) (C) of such section 1501 is hereby repealed. Subsection (b) (1) (E) of such section 1501 is hereby amended by inserting before the semicolon at the end thereof a comma and the following: "and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export: *Provided, however,* That 50 percent of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials produced in plants operated by the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce such nitrogenous fertilizer materials to fill such 50 percent of such export requirements." Subsection (c) of such section 1501 is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "February 28, 1949."

SEC. 2. Subsection (b) of section 3 of the act entitled "An act to aid in the stabilization of commodity prices, to aid in further stabilizing the economy of the United States, and for other purposes," approved December 30, 1947, is hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks, and I ask that they be printed in the Appendix of the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[Mr. McCORMACK addressed the House. His remarks appear in the Appendix of today's Record.]

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend his remarks in the Record and include certain clippings and statistics.

FOREIGN-AID AGREEMENTS

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 608 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 6556) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said

amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

CALL OF THE HOUSE

Mr. GORE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 78]

Anderson, Calif.	Hartley	Murray, Wis.
Bell	Heffernan	Norton
Bland	Hendricks	O'Hara
Buckley	Hollifield	O'Toole
Bulwinkle	Jenison	Owens
Clark	Jennings	Pfeifer
Clason	Johnson, Okla.	Potter
Clippinger	Johnson, Tex.	Rayburn
Cole, Kans.	Jones, N. C.	Rivers
Cotton	Kefauver	Robertson
Davis, Tenn.	Kennedy	Scoblick
Dawson, Ill.	Kerr	Sheppard
Dolliver	Kersten, Wis.	Short
Domengeaux	Kilday	Smathers
Durham	Kling	Smith, Maine
Ellsworth	Landis	Snyder
Engle, Calif.	Lane	Somers
Fellows	Lesinski	Stigler
Gallagher	Lusk	Stockman
Gamble	Lyle	Stratton
Grant, Ind.	Mansfield	Thomas, N. J.
Gwinn, N. Y.	Mason	Thompson
Gwynne, Iowa	Meade, Ky.	West
Hall	Miller, Calif.	Wilson, Tex.
Hart	Edwin Arthur Morrison	Youngblood
	Mundt	

The SPEAKER. On this roll call 350 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF VOTE

Mr. ENGEL of Michigan. Mr. Speaker, on roll call No. 73, on Monday, I am recorded as not voting. I was present and voted "Yea." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

DEPARTMENT OF THE INTERIOR APPROPRIATION BILL, 1949

Mr. JENSEN, from the Committee on Appropriations, reported the bill (H. R. 6705) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1949, and for other purposes (Rept. No. 2038), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. KIRWAN reserved all points of order on the bill.

EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include a speech made by Harvey W. Brown.

FOREIGN-TRADE AGREEMENTS

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself as much time as I may require.

Mr. Speaker, this rule provides for 3 hours of general debate. It waives all points of order, and amendments are limited to those offered by direction of the Committee on Ways and Means. The rule also provides for one motion to recommit.

I know that before long our good friends of the minority will have plenty to say about the Committee on Rules' bringing in what they will call a gag rule. To you new Members, I would say that for many years under the able leadership of the former Speaker of the House, the gentleman from Texas [Mr. RAYBURN], and my good friend the gentleman from Massachusetts [Mr. McCORMACK], we really did have gag rules. I remember the days when legislation was brought on the floor of this House and Members were not even able to cross a "t" or dot an "i." During the thirties we passed bills, and those bills were interpreted by the Chief Executive as he saw fit, and he was backed by a packed Supreme Court. So I say to you that although we are going to hear plenty today about gag rules, if you will look at the record you will find listed in a speech I made last year 37 rules that really were gag rules, that were brought out during sessions in the thirties.

The fact remains in regard to this bill that this is not a gag rule. There is only one question involved in the bill, and that is whether we should extend the reciprocal trade-agreements program for 1 year or 3 years. This rule provides for one motion to recommit. At the proper time the minority probably will offer a motion to recommit this bill, instructing the Committee on Ways and Means to bring in a 3-year extension. Therefore, the only issue involved here is whether the extension should be 1 or 3 years, and the minority will have the opportunity to express their views in the motion to recommit.

I want to compliment the members of the Committee on Ways and Means, especially our distinguished chairman [Mr. KNUTSON], and also Mr. DOUGHTON, Mr. COOPER, Mr. WOODRUFF, Mr. REED of New York, Mr. JENKINS of Ohio, Mr. MASON, Mr. GEARHART, and the others on the splendid work and thorough study they have given to every bill that has come out of that distinguished committee.

I hope, Mr. Speaker, that the Members of the House will vote to adopt this rule and that the bill itself, extending the reciprocal trade-agreements program for 1 year, will be passed.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. HARRIS. Is it not a fact that any rule which prevents amendments

being offered to a bill is considered a gag rule?

Mr. ALLEN of Illinois. There has been much talk about a gag rule, but if the gentleman will go back to the 1930's, you will find some real gag rules where you could not even cross a "t" or dot an "i."

Mr. HARRIS. But does one sin justify another?

Mr. ALLEN of Illinois. Perhaps in some instances, yes.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. COOPER. Does the distinguished chairman of the Committee on Rules know how he could draw any tighter or more closed rule than the one presented here today?

Mr. ALLEN of Illinois. I do not presently know unless I were to go back to the 1930's and study some of the rules brought out in those days, and then I would probably be in a better position to do so.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. McCORMACK. The gentleman knows, of course, that whenever a reciprocal trade-agreements law or the extension of such agreements was brought up, we never had a gag rule or a closed rule, but they were all considered under the general rules of the House?

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. MICHENER. This is the situation about this rule. We have heard this line of argument down through the years. I have served on the Rules Committee for many years when Republicans as well as Democrats were in power. The party in power has often been accused by the minority, of bringing in a gag rule. You cannot write a good bill of this kind or a tax bill or a tariff bill on the floor of the House. Everybody knows that. Under a rule such as this, what can happen? The majority has presented its bill. There will be a chance to vote "yes" or "no" on it. The minority who are opposed may offer a motion to recommit in which motion they can embody their philosophy and their version of a desirable bill. Thus there may be a vote between the two philosophies, one on the motion to recommit which may be called a minority bill, and the other on the majority philosophy which is contained in the bill reported by the majority. Therefore the House may work its will. There is an opportunity for a clean-cut vote between the philosophies of the two groups concerning the extension of the Trade Agreement Act.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. EBERHARTER. It seems to me that the gentleman from Illinois, the chairman of the Committee on Rules, is devoting his entire time defending himself. He is the first one who has spoken on the rule, and he is on the defensive from the beginning. So you must have something on your mind when you are on the defensive.

PROVIDING FOR THE TEMPORARY EXTENSION OF CERTAIN PROVISIONS OF SECOND DECONTROL ACT OF 1947

MAY 26 (legislative day, MAY 20), 1948.—Ordered to be printed

Mr. FLANDERS, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany S. 2746]

The Committee on Banking and Currency to whom was referred, the bill (S. 2746) to provide for the temporary extension of certain provisions of the Second Decontrol Act of 1947, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

This committee investigated the need for continuance of the controls authorized by section 3 of the Second Decontrol Act of 1947 in connection with S. 1807 reported on February 17, 1948 (S. Rept. 891).

This Committee has heard testimony on the subject of extension of these controls and has received communications from industries affected by the orders and regulations issued under these powers. In addition, the committee has considered the three quarterly reports, dated October 30, 1947, January 30, 1948, and April 30, 1948, which the Secretary of Commerce has submitted pursuant to section 6 of the Second Decontrol Act of 1947.

DECISIONS

The committee recommends that the power of the President to allocate and to grant priorities assistance for certain materials and for certain purposes be extended to June 30, 1949, in accordance with the bill as amended by the committee.

AMENDMENTS

The committee has amended S. 2746 in the following respects:

First committee amendment:

Strike out "February 28, 1949" wherever it appears and substitute in lieu thereof "June 30, 1949".

Second committee amendment:

After "Subsection (b) (1) (C) of such section 1501 is hereby", strike out "repealed", and substitute in lieu thereof "amended by striking out ' , quinine, ' ".

SCOPE OF POWERS

The bill as amended would authorize the President to exercise the powers, authority, and discretion conferred on him by the Second War Powers Act, for the purposes and subject to the provisions and requirements set forth in the Second Decontrol Act, limited to the following materials (and facilities suitable for their manufacture):

(A) Tin and tin products, except for the purpose of exercising import control of tin ores and tin concentrates;

(B) Antimony;

(C) Cinchona bark, and quinidine, when held by any Government agency or after acquisition (whether prior to, on, or after July 16, 1947), from any Government agency, either directly or through intermediate distributors, processors, or other channels of distribution, or when made from any of such materials so acquired;

(D) Materials for export required to expand or maintain the production in foreign countries of materials critically needed in the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for manufacture and delivery of the materials required for such export;

(E) Fats and oils (including oil-bearing materials, fatty acids, butter, soap, and soap powder, but excluding petroleum and petroleum products) and rice and rice products, for the purpose of exercising import control only; and nitrogenous-fertilizer materials for the purposes of exercising import control and of establishing priority in production and delivery for export, and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous-fertilizer materials required for such export: *Provided, however,* That 50 per cent of the export requirements of nitrogenous-fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous-fertilizer materials produced in plants operated by the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce such nitrogenous-fertilizer materials to fill such 50 per cent of such export requirements.

(F) Materials (except foods and food products, manila (abacá) fiber and cordage, agave fiber and cordage, and fertilizer materials), including petroleum and petroleum products, required for export, but only upon certification by the Secretary of State that the prompt export of such materials is of high public importance and essential to the successful carrying out of the foreign policy of the United States, for the purpose of establishing priority in production and delivery for export, and materials necessary for the manufacture and delivery of the materials required for such export: *Provided,* That no such priority based on a certification by the Secretary of State shall be effective unless and until the Secretary of Commerce shall have satisfied himself that the proposed action will not have an unduly adverse effect on the domestic economy of the United States;

The history of the priority and allocation powers and of their administration is set forth in detail in the report to accompany S. 1461 (S. Rept. No. 340, 80th Cong., 1st sess., dated June 23, 1947). At present these powers in their present limited form are administered by the Department of Agriculture and the Department of Commerce under delegations from the President, for the purposes set forth in section 2 of the Second Decontrol Act and subject to the continuing administrative provisions and reporting requirements of the Second Decontrol Act. These policies and requirements will continue to apply to subsequent operations pursuant to extensions of the powers contained in the Second Decontrol Act.

The bill as amended provides for an expiration date of June 30, 1949, subject to the present power of the Congress by concurrent resolution to terminate any of the powers extended. Selection of this date is appropriate, as allocations under the authority are on quarterly, semiannual, or fiscal year bases.

NEED FOR EXTENSION OF POWERS

The need for extension of these powers arises from the devastation during the war of productive areas, both areas from which the United States obtained important materials and areas which formerly supplied other countries which are now partly or wholly dependent on the United States. This was recognized when the Second Decontrol Act was enacted, and, while conditions with respect to some materials are improving, the improvement has not yet reached a state, except in the case of quinine, where authority for the controls can be terminated.

TIN

Tin is produced principally in Bolivia and the Far East. Productive facilities in the Far East deteriorated during the Japanese occupation. Priorities assistance has been given to assist in the reconstruction of these facilities, but even with this assistance, world production of new tin during 1947 (estimated at 114,000 long tons) was substantially below the average production for the 5 years preceding the war (1935-39: average production: 171,000 long tons). Estimates for 1948 world production are in the neighborhood of 150,000 long tons, still below the prewar average.

Tin is allocated internationally by an intergovernmental body called the Combined Tin Committee, on which the United States is represented. On the basis of estimated world production in 1948 and previous allocation policies, it is estimated that the United States will receive about 64,000 long tons of primary tin (pig tin, ores, and concentrates). In addition it is estimated that about 24,000 long tons of secondary tin will be produced here by reprocessing. This makes a total new supply for the United States during 1948 of 88,000 tons of tin, over and above an RFC minimum working inventory of about 24,000 tons of pig tin and 20,000 tons of concentrates.

Estimates of United States demand for tin during 1948 vary. The Government estimates that if controls were retained, the industrial demands could be held to about 88,000 tons, leaving a balance of 3,000 tons available for the critical and strategic stock pile established under Public Law 520, Seventy-ninth Congress. Without restrictions, the Government estimates that consumption would increase from the 1947 figure of 87,900 tons under restrictions to approximately 113,000 tons. This estimate is based upon the information received from industry as to their probable requirements, upon requests for allocations under existing regulations, and upon modifications of prewar consumption by industries which now are not permitted to use tin. This Government estimate seems consistent with the prevailing feeling in industry, as indicated by industry recommendations received by the committee.

Testimony was presented to the effect that the restrictions imposed by the Government resulted in hardship on certain industries. This

was recognized by the committee. However, the committee's investigation did not lead to the conclusion that these hardships were unreasonable, or disproportionate to those suffered by other industries, taking into consideration the need for tin for certain vital purposes and the difficulties inherent in distributing an inadequate supply among many meritorious claimants. The committee did not find that removal of controls would solve or alleviate these conditions. On the contrary, the evidence submitted to the committee indicated that removal of controls would jeopardize the supply of tin for vital purposes, would disrupt the present generally satisfactory distribution of tin to other users, and would almost certainly result in completely cutting off the supply now going to many small businesses, which would not be able to compete with larger users in a free market under present abnormal conditions.

ANTIMONY

The principal source of antimony before the war was China. The present rate of supply from the United States, Mexico, and Bolivia is substantially below our needs, and it is by no means certain that it will be maintained. Antimony, in the form of metal, oxide, and sulfide, has a wide range of uses, many of them important and most of them essential to continued industrial operation. Present controls effect a satisfactory distribution and prevent hoarding and excessive accumulations.

CINCHONA BARK AND QUINIDINE

Quinidine, a derivative of cinchona bark, is a drug used in the treatment of certain types of cardiac disorders. The supply is entirely dependent upon foreign sources. Increased knowledge of the efficacy of such treatment has resulted in a rapid increase in the demand for quinidine. While the supply of quinidine is also rising and now exceeds the prewar supply, the Government estimates that the supply in 1948 will amount to about 87 percent of requirements for cardiac treatment. The present authority over quinidine and cinchona bark is limited to Government-held materials and to materials derived therefrom. Private industry is free to import these products and to process and distribute them entirely without restriction, to the extent it is able and willing to do so. The controls, therefore, become a burden only when the assistance of the Government is needed to get supplies. Under those conditions the controls appear desirable.

IMPORT CONTROLS

Import controls over fats and oils, rice and rice products, and nitrogenous fertilizer materials are needed to help carry out the cooperative international efforts which are being made to solve the food problems resulting from devastation of many of the major food-producing areas of the world. Exportable surpluses of these products are allocated by the International Emergency Food Committee of the United Nations Food and Agriculture Organization, on which the United States is represented. Import controls are needed particularly for commodities of which we have exportable surpluses, in order to prevent our greater purchasing power from preempting the supplies

allocated to other countries in need of them. In the case of materials which we do not produce, import controls serve to prevent our greater purchasing power from buying more than the share allocated to us, a share which is always fair, usually generous.

An important relationship exists between the need for import controls on rice and rice products and the need for import controls on fats and oils. The United States is exporting rice to rice-consuming areas from which we are making our major importations of fats and oils. Accordingly, by making more rice available to these oil-producing areas, import controls over rice help us to obtain our share of these needed fats and oils.

Disruption of these international arrangements would result in confusion and disturbance, with possible bad effects on us as well as on other nations. In addition, it would be a serious breach of our international responsibilities, at a time when international cooperation is of the highest importance.

EXPORT PRIORITIES

The need for continued powers to grant priorities assistance and to allocate materials for export is also the result of the war.

The power to assist in the production and delivery of materials required to increase the production abroad of materials critically needed in the United States is clearly beneficial to our national economy. The current increases in the production of tin in the Far East is attributable in part to the assistance given by the Civilian Production Administration and the Department of Commerce to the production and delivery of dredges and other production equipment needed by tin producers. The power has been used sparingly by the Department of Commerce, with due regard to the effect of the export on our domestic economy. Continuance of this authority is clearly in our national interest.

It is also in our national interest to continue the power to assist in the prompt production and delivery of materials where the Secretary of State certifies that their prompt export is of high public importance and essential to the successful carrying out of our foreign policy, and where the Secretary of Commerce has satisfied himself that the proposed action will not have an unduly adverse effect on our domestic economy. This power has also been used sparingly. The committee recognizes that it is possible that the future development of foreign-aid programs may require more frequent use of the authority, without any relaxation of the strict standards set forth in the act.

The power to assist in the production and delivery for export of nitrogenous fertilizer materials is used to carry out the American commitments made on the basis of IEFC recommendations. This power is now being used to carry out the program for the current fertilizer year (July through June). The program was late in starting because the Second Decontrol Act was not enacted until after the beginning of the period and also because of restrictions on shipment of ammonium nitrate imposed after the Texas City disaster. In addition, the amounts allocated for France could not be taken until after funds were made available through the interim-aid bill. In

spite of these difficulties, the fertilizer program has been carried on with incalculable benefits to the nations receiving the fertilizer and to our national interests. From a purely selfish point of view, it may be noted that our receipts of nitrogenous fertilizer materials under IEFC recommendations are about three times the amounts exported under the program given assistance under this statute.

In order to ease the burden on American farmers and producers, the bill provides for taking at least one-half of the materials for the export program from the production of the Department of the Army and enables the Department of Commerce to draw on the available supplies of nitrogenous compounds, including anhydrous ammonia, in accordance with S. 2641.



Calendar No. 1458

80TH CONGRESS
2^D SESSION

S. 2746

[Report No. 1407]

IN THE SENATE OF THE UNITED STATES

MAY 26 (legislative day, MAY 20), 1948

Mr. MAYBANK introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

MAY 26 (legislative day, MAY 20), 1948

Reported by Mr. FLANDERS, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection (b) of section 1501 of the Second War
4 Powers Act, 1942, as amended by the Second Decontrol
5 Act of 1947 (Public Law 188, Eightieth Congress), and
6 as further amended by the Act of February 28, 1948 (Public
7 Law 427, Eightieth Congress), is hereby amended by strik-
8 ing out "May 31, 1948" and inserting in lieu thereof "~~Feb-~~
9 ~~ruary 28~~ *June 30, 1949*". Subsection (b) (1) (C) of
10 such section 1501 is hereby ~~repealed~~ *amended by striking out*

1 “, *quinine*,”. Subsection (b) (1) (E) of such section
2 1501 is hereby amended by inserting before the semi-
3 colon at the end thereof a comma and the following: “and
4 nitrogenous compounds (including anhydrous ammonia),
5 in any form, necessary for the manufacture and delivery of
6 the nitrogenous fertilizer materials required for such export:
7 *Provided, however,* That 50 per centum of the export re-
8 quirements of nitrogenous fertilizer materials to nonoccupied
9 areas shall be supplied out of nitrogenous fertilizer materials
10 produced in plants operated by the Department of the Army,
11 and notwithstanding any other provision of law the Depart-
12 ment of the Army is authorized to produce such nitrogenous
13 fertilizer materials to fill such 50 per centum of such export
14 requirements”. Subsection (c) of such section 1501 is
15 hereby amended by striking out “May 31, 1948” and in-
16 serting in lieu thereof “~~February 28~~ *June 30, 1949*”.

[Report No. 1407]

A BILL

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

By Mr. MAYBANK

MAY 26 (legislative day, MAY 20), 1948

Read twice and referred to the Committee on
Banking and Currency

MAY 26 (legislative day, MAY 20), 1948

Reported with amendments

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued May 28, 1948
For actions of May 27, 1948
80th-2nd, No. 96

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HIGHLIGHTS: House passed Interior appropriation bill. Senate committee favorably re-
ported Brannan nomination. Senate committee approved elec-tax repeal bill.

HOUSE

1. INTERIOR APPROPRIATION BILL. Passed with amendments this bill; H. R. 6705 (pp. 6769-815). The amendments agreed to included:

By Rep. Jensen, to make \$126,000 of the water conservation and utilization funds available to complete the Buford-Trenton project, N. Dak. (p. 6801).

By Reps. Jensen, and Fenton, to strike the prohibition against using these funds for personnel who are members of a labor organization which has not signed an anti-communist affidavit. He said the "language which we seek to strike out goes farther than can be properly justified...Those who have taken an active interest in this matter, both those for it and opposed to it, feel it is proper that the language be stricken." (pp. 6801-2, 6805, 6806.)

By Rep. Miller, Nebr., providing that "no moratorium or stop order that may be issued by the President can abrogate in whole or in part the use of any appropriation for reclamation or flood-control projects as provided for in this legislation" (p. 6804).

By Rep. Elliott, Calif., to require the Commissioner of Reclamation, Assistant Commissioner, and Regional Director to have at least 10 years of engineering and administrative experience; by a 59-32 vote (pp. 6807-9).

Rejected an amendment by Rep. Muhlenberg, Pa., to strike out the prohibition against funds for the Jackson Hole Monument, part of which was formed by national-forest lands (pp. 6809-10).

1 1501 is hereby repealed. Subsection (b) (1) (E) of such
2 section 1501 is hereby amended by inserting before the semi-
3 colon at the end thereof a comma and the following: "and
4 nitrogenous compounds (including anhydrous ammonia),
5 in any form, necessary for the manufacture and delivery of
6 the nitrogenous fertilizer materials required for such export:
7 *Provided, however,* That 50 per centum of the export re-
8 quirements of nitrogenous fertilizer materials to nonoccupied
9 areas shall be supplied out of nitrogenous fertilizer materials
10 produced in plants operated by the Department of the Army,
11 and notwithstanding any other provision of law the Depart-
12 ment of the Army is authorized to produce such nitrogenous
13 fertilizer materials to fill such 50 per centum of such export
14 requirements". Subsection (c) of such section 1501 is
15 hereby amended by striking out "May 31, 1948" and in-
16 serting in lieu thereof "February 28, 1949".

17 SEC. 2. Subsection (b) of section 3 of the Act entitled
18 "An Act to aid in the stabilization of commodity prices,
19 to aid in further stabilizing the economy of the United States,
20 and for other purposes", approved December 30, 1947, is
21 hereby repealed.

Passed the House of Representatives May 26, 1948.

Attest:

JOHN ANDREWS,

Clerk.

AN ACT

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

MAY 27 (legislative day, MAY 20), 1948

Read twice and ordered to be placed on the calendar

was that the contractor should do the actual preparation of the script and do the broadcasting itself. * * *

"It was clear from the debate in the Senate that the intent was that the Department of State should accept a general supervisory responsibility, but nowhere was it contemplated we should preview each and every word that went out on the air, and in the event that is the intent of Congress, we do not, frankly, have the set-up to do that at the present time. We do not have the manpower; we do not have the funds with which to do it. * * *

"The State Department, at the time this proposal (for turning over programming to the networks) was discussed, came forward and both informally and formally made a statement that in our opinion the delegation of the authority and the responsibility to the Secretary of State for this program accompanied by such extensive subcontracting arrangements, would create difficulties. Those difficulties have occurred.

"We said further, and we said this informally:

"We have some hesitancy in determining whether we are actually going to be able to maintain the kind of control over the foreign-policy content of these programs that we believe a responsible public official needs to maintain."

"We said, however, the need for international broadcasting is so great, the urgency of the situation is such, that we are perfectly happy to try and work the situation out. We have attempted to work the situation out, and, frankly, the cooperation with the private broadcasters has been better, I think, from our point of view than we had anticipated.

"The presidents of both the companies and their responsible officials in this area have told me also that the cooperation had worked out better than they had expected. They felt it had been reflected in the actual performance that we are getting."

As to the terms of the present contract, the following is a quotation from the contract with CBS which is now in effect. The contract with NBC is substantially the same:

"The Department shall provide the contractor with general directives for each program to be prepared, produced, presented, transmitted, or broadcast by the contractor hereunder, indicating the general character of the programs and designating whether dramatic, musical, news, and so forth, fixing the length of the programs, and the hour or hours, and the day or days. When such directives have been delivered to the contractor, the contractor subject to the limitations expressed herein, shall assume full responsibility for complying with them and shall exercise complete authority over such preparation, production, presentation, transmission, and broadcast within the framework of such directives."

There has never been any doubt in the Department of State, either in performance or in interpretation of responsibility, that the Department directs contractors as to the type of program to be broadcast and supplies general and specific guidance governing the major programs. The Department within the existing budgeting limitations has been able to maintain a degree of precontrol and preediting of types of programs such as news, news analysis, commentary, and certain types of panel discussions, but this has not been true of feature or documentary programs or in the general field of entertainment.

During the Senate debate of yesterday, the question of loyalty and security investigations of personnel engaged in broadcasting was raised by several Senators. As an invariable practice all personnel employed by the Department in the information and educational exchange programs are subjected to a

departmental security check. Under the requirements of Public Law 402, all personnel employed or assigned to this program must be investigated by the Federal Bureau of Investigation prior to July 27, 1948. Such FBI investigations are now under way and many have been completed already. The question of security investigations on personnel employed by NBC under the short-wave programming contract has been the subject of conferences with company representatives and the Department has been informed that NBC has secured reports on their personnel from the FBI.

The Department has attempted to follow the wishes of Congress in the broadcasting field and also with respect to section 1005 of Public Law 402 (the Smith-Mundt Act), which reads:

"In carrying out the provisions of this act it shall be the duty of the Secretary to utilize, to the maximum extent practicable, the services and facilities of private agencies, including existing American press, publishing, radio, motion picture, and other agencies, through contractual arrangements or otherwise. It is the intent of Congress that the Secretary shall encourage participation in carrying out the purposes of this act by the maximum number of different private agencies in each field consistent with the present or potential market for their services in each country."

It is clear both to the Department and to the networks that the present situation is unsatisfactory. A new approach to the problem is now under consideration by the Department. In essence, this plan calls for the establishment of a contractual relationship between the networks and ourselves, much as that of a sponsor to a network. It eliminates duplication of news desks and language desks, and provides for closer supervision and control of all output—the output of the networks as well as the output of our own desks. This is believed to be not only more efficient and less wasteful, but it provides for enlisting the services of the networks in the field in which they are most experienced, while leaving to the Department the political aspects of the problems, the responsibility for which the Department cannot turn over to others.

RENE BORGIA

(Material supplied by National Broadcasting Co.)

Rene Borgia, writer of the National Broadcasting Co. scripts in the series "Know the United States," is of Venezuelan origin.

He came to this country in 1939. He has taken out his first United States naturalization papers. He has held important positions in the foreign-language departments of Fox Pictures, and Warner Bros. in Los Angeles.

He has published, in Spanish, books of poems, plays, and political pamphlets of an anti-Communist nature. A sample of one of these pamphlets is in the files of the National Broadcasting Division, Department of State. It is entitled "Anti-Communist Manifesto," published in Venezuela in Spanish in 1938.

Borgia has been employed since only 1942 as writer, adaptor, translator on Spanish language programs to Latin American broadcast by NBC. Topmost rating has been accorded by Latin American radio stations and listeners to two of his efforts during these years. Both of these were for translating and adapting the highly successful NBC-International programs Radio Theater (radio dramatizations of American short stories, novels, drama), and Counter Spy (series dealing with dramatizations of FBI tracking down spies during the war).

Borgia resides in New York City, is married and has several children.

He has never been employed by the De-

partment of State or any other agency of the Government. His efforts in international radio, as far as the Department knows, have been strictly as writer-translator on a free-lance basis for NBC.

Rene Borgia's work has been known to the Department since January 1946.

Mr. DONNELL. Mr. President, will the Senator from New Jersey yield for a very brief statement?

Mr. SMITH. I yield the floor.

Mr. DONNELL. Mr. President, the concluding sentence of the remarks I made earlier today in connection with the Voice of America matter was:

So, Mr. President, I respectfully submit that the appeal in behalf of the Committee on Interstate and Foreign Commerce should not be sustained, and I trust that in due time it may be proper for the Chair to refer the resolution to the Committee on Foreign Relations.

Mr. President, I voted, however, in the negative on the question, which I think substantially was: Shall the decision of the Chair in referring the resolution to the Committee on Expenditures in the Executive Departments stand as the judgment of the Senate?

I desire to explain that in uttering that certain portion of my sentence which I have quoted, in which I said:

I respectfully submit that the appeal in behalf of the Committee on Interstate and Foreign Commerce should not be sustained.

I had overlooked the parliamentary situation which existed and under which it was necessary that, in order that it might be possible to bring about a later reference to the Committee on Foreign Relations, the question presented by the Chair be negatively decided. Mr. President, instead of saying "I respectfully submit that the appeal in behalf of the Committee on Interstate and Foreign Commerce should not be sustained," I should have said, "I respectfully submit that reference of the resolution to the Committee on Interstate and Foreign Commerce should not be made."

Mr. President, the position which I favored and my advocacy of which I attempted to convey was that the committee to which the reference should be made is that on Foreign Relations.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter addressed to Mr. TABER, of the House of Representatives, by Rene Borgia, under date of March 1948, in which Mr. Borgia states that he wrote the Voice of America script on Wyoming, and that he prepared some 300 scripts for the State Department beginning shortly after Pearl Harbor.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., March 1948.

MY DEAR TABER: I am the person who wrote that program on Wyoming. I don't blame you for not liking it. Of all concerned, I was the only one who protested, but I was ordered to write it that way. Whenever I said something about the series, the answer was always the same: "If you don't want to do it, we'll get someone else." I told the man in charge of the Spanish section that the program should be dignified, with some spontaneous humor, but not with artificial,

silly jokes. They wanted neither history nor statistical facts, only light stuff to make people laugh. I explained to supervisors, producers, and directors that the programs were not in harmony with the policies of the State Department, and they told me I was working for a commercial enterprise and not for a Government agency, and that Congress itself had given them the program. What could I do? Resign? Yes, a few years ago I'd have thrown their instructions on their desks and leave, but now the only thing I have in the bank is children.

I was told not to worry, for the responsibility was theirs. And it is true, because after a program is broadcast, the writer's responsibility ends. If it was not right, why the supervisors, the producer and the director okayed it? The reason is obvious. Mr. Richardson, the man in charge of the short-wave department, does not know a single word of any of the languages he is supposed to supervise. He had the innocence to tell me this: "I am now learnings things which I should have investigated before." I told Mr. Sarnoff everything, but he didn't pay any attention to me. The company to put an end to the situation—after you complained, of course—had a brilliant idea, they threw me out. The danger, sir, is still there, because the men who forced me to write that program are floating around the office, very much satisfied with themselves.

Two of my first programs, The Mississippi River and Texas, were written as I thought they should be, yet I was rebuked for not following instructions. I had worked for the State Department since Pearl Harbor, and wrote over 300 programs, the best ever broadcast in Spanish. But there we had story conferences, and every script was read and analyzed. Even editorials were written in Mexico and Argentine about my war programs. The State Department, I think, has a very good opinion of my work.

Please, sir, do not judge my mentality by that thing, which sounds worse in stiff, literal English. I am a real writer, a scholar, with a long experience as a dramatist and a political commentator. Besides, sir, the National Broadcasting Co. hired me as a translator, but 3 weeks later they made me write three original programs every week. I begged them to give me that series, Know the United States, in English, because I didn't want to write the programs as I was told, but they refused.

I am deeply sorry for having bothered you with that program, and with this uncalled for letter, but I must tell you the facts. NBC is to blame for what has happened, not I. They should have able men in that department, which not only represents the policies of the studio, but mainly, those of the American Government. A million thanks, sir.

Most respectfully yours,

RENE BORGIA.

Mr. CAPEHART. Mr. President, I also ask unanimous consent to have printed in the body of the RECORD a letter under date of May 17, 1948, from Rene Borgia addressed to Mr. Brown, on the same subject.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., April 17, 1948.

MY DEAR MR. BROWN: I thank you for your letter. I don't remember writing anything about your State, but NBC is now blaming me for all that happens there. I, like the Cid, am winning battles after death! That program, Know the United States, had been going on before I started working for that madhouse. You ask if that program was supervised. No program in the world is broadcast without being read, cut, and supervised by at least three persons, especially

in big studios like NBC. A writer cannot do those things. They hire us to prepare the scripts and to be blamed after, if anything goes wrong. If the program is a success, it is not because of the script—the producer and supervisor claim all the glory.

As I say in my letters to Mr. TABER, Gandero, the man in charge of the Spanish section, told me to write those programs that way, and they gave me the material. I protested again and again, because I wanted to do something more dignified, but they wanted neither history nor statistics, just stuff to make people laugh. What could I do? Mr. Gandero and Vaskuez, the producer, are not the only responsible ones. The head of the whole short-wave department approved those programs, otherwise Gandero and Vaskuez wouldn't be able to produce them. Whenever I complained, telling them that thing was not what the State Department wanted, Gandero told me: "What do you care? They were approved by Richardson." This gentleman is always shut off in his office, with two beautiful dragons at its door, and an abstract "Thou shall not pass" in the atmosphere. I don't think this aloofness is aristocratic in origin, but to defend himself from those complicated languages of which he knows nothing. He perhaps thinks—"The less I am consulted, the less I'll err." Once, while revising something that I wrote, he asked Gandero if pandemia had anything to do with pan Americanism. Gandero hurried back to his desk, where I was waiting for him, to ask me—if it had. What culture.

Mr. Brown, a writer's responsibility ends when he delivers his script. You may write whatever you want, but it is up to the editor in Salt Lake City to approve it. Besides, I wrote as I was told. Radio producers and supervisors cut and add as they see fit—very seldom one does recognize his own offsprings. The Government pays plenty to the networks, yet NBC does not hire actors. Its announcers do the job. In CBS things are different—they produce the shows with real actors and the supervising is in the hands of two able men, Unanue and Perez. I never worked for the State Department, but Mr. Mucio Delgado, now in Washington, checked all the scripts I did for the National Broadcasting Co. For over 5 years my work was praised to the skies all over the Spanish-speaking world. The State Department does not have to be defended, much less by an insignificant person like I, but they are not to blame for what has happened in NBC. I have been told that Congress itself gave the programs to the networks. Mr. Brown, I had nothing at all to do with what those people did: I was never inside a stage in NBC. I delivered my work to Mr. Gandero, and from there on it was their funeral, I mean, mine. You, who are a writer, please don't blame me, too. Since Mr. TABER's complaint I am out of work. Up to then I was the best Spanish radio writer in New York, now I am nothing. NBC took me, raped me, and threw me out.

Always at your service, most respectfully yours,

RENE BORGIA.

P. S.—The name of the head of the short-wave department is Stanley Richardson.

TEMPORARY EXTENSION OF SECOND DECONTROL ACT OF 1947

Mr. FLANDERS. Mr. President, I ask unanimous consent for the immediate consideration of House bill 6659. This is the bill extending the Second War Powers Act, and it has an expiration time limit on it of May 31.

The PRESIDING OFFICER. The bill will be read by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from Vermont?

Mr. TAFT. Yes, Mr. President; I object.

The PRESIDING OFFICER. Objection is heard.

ADMISSION OF DISPLACED PERSONS

The Senate resumed the consideration of the bill (S. 2242) to authorize for a limited period of time the admission into the United States of certain European displaced persons for permanent residence, and for other purposes.

The PRESIDING OFFICER. The question before the Senate is on agreeing to the amendment of the Senator from West Virginia [Mr. REVERCOMB] adding a proviso on page 5, line 1.

Mr. EASTLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Moore
Barkley	Gurney	Morse
Brewster	Hatch	Murray
Bricker	Hawkes	O'Connor
Bridges	Hayden	O'Daniel
Brooks	Hickenlooper	Pepper
Buck	Hill	Reed
Butler	Holland	Revercomb
Byrd	Ives	Robertson, Va.
Cain	Johnson, Colo.	Russell
Capehart	Johnston, S. C.	Saltonstall
Capper	Kem	Smith
Chavez	Kilgore	Sparkman
Connally	Knowland	Stennis
Cooper	Langer	Taft
Cordon	Lodge	Thomas, Okla.
Donnell	McCarthy	Thomas, Utah
Downey	McClellan	Thye
Dworshak	McFarland	Tydings
Eastland	McGrath	Vandenberg
Eaton	McKellar	Wherry
Ellender	McMahon	White
Feazel	Magnuson	Wiley
Ferguson	Malone	Williams
Flanders	Martin	Wilson
Fulbright	Maybank	Young
George	Millikin	

The PRESIDING OFFICER. Eighty Senators having answered to their names, a quorum is present.

Mr. REVERCOMB. Mr. President, in connection with the consideration of Senate bill 2242 a few days ago the Senator from New Mexico [Mr. HATCH] raised some question about the citations contained in appendix 4 on page 80 of the printed report No. 950, dealing with homesteading and the use of public lands in continental United States and Alaska. I may say that the Senator from New Mexico reached the same conclusion as that reached in the report, but he raised some question as to the citation of authorities contained therein, and said that he felt the authorities were obsolete or not in point.

The law concerning homesteading and the use of public lands in continental United States and Alaska, as cited in the report of the Subcommittee on Immigration and Naturalization on Displaced Persons in Europe, has been rechecked by the committee staff and double-

DIGEST OF
CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

Division of Legislative Reports

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HIGHLIGHTS: Senate confirmed Brannan nomination unanimously and without debate. Senate passed bill to continue certain emergency powers. Senate passed Treasury-Post Office appropriation bill. Senate agreed to conference report on bill to authorize rate agreements among railroads.

SENATE

1. **NOMINATION.** Confirmed the nomination of Charles F. Brannan to be Secretary of Agriculture, unanimously and without debate (p. 6873).
2. **TREASURY-POST OFFICE APPROPRIATION BILL.** Passed as reported this bill, H. R. 5770 (pp. 6861-73). Senate conferees were appointed (p. 6872).
3. **EMERGENCY POWERS.** Passed with amendments H. R. 6659, to extend certain provisions of the Decontrol Act of 1947. Substituted the language of S. 2746, as amended by an amendment by Sen. Gurney authorizing the Army to increase facilities for production of nitrogenous fertilizers to the extent of 50% of export requirements to nonoccupied areas. S. 2746 was indefinitely postponed in view of this action. (pp. 6849-58.) Senate conferees were appointed (p. 6858).
4. **TRANSPORTATION.** Agreed to the conference report on S. 110, to amend the ICC Act to authorize rate agreements between carriers (pp. 6819-46). This bill will now be sent to the President.
5. **PERSONNEL.** Both Houses agreed to the conference report on S. 1486, to provide for payment of salaries covering periods of separation from Government service in the case of persons improperly removed from such service (pp. 6858-9, 6878). This bill will now be sent to the President.
Agreed to the conference report on H. R. 4236, to amend the Civil Service Act to remove certain discrimination with respect to appointment of physically handicapped persons (p. 6859). The House has not acted on the conference report.

6. HOUSING. The Banking and Currency Committee reported H. Con. Res. 197, to continue the Joint Committee on Housing. Sen. Cain, Wash., asked for immediate consideration, but Sen. Ellender, La., objected.(p. 6873.)
7. RECLAMATION. At the request of Sen. Cannally, Tex., reconsidered and placed on the calendar H. R. 3834, to authorize the project for rehabilitation of certain works of the Fort Sumner irrigation district, N. Mex. (p. 6873).
8. PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 3628, to revise the method of issuing patents for public lands (S. Rept. 1428)(p. 6847).
9. FOREST LANDS. The Interior and Insular Affairs reported without amendment S. 2617, to include certain lands in the Carson National Forest, N. Mex.(S. Rept. 1426)(p. 6847).
10. CENSUS. The Post Office and Civil Service Committee reported without amendment S. 2319, to provide for a survey of physically handicapped citizens (S. Rept. 1434)(p. 6847).
11. GOVERNMENT CORPORATIONS APPROPRIATION BILL. The Appropriations Committee concluded hearings on this bill, H. R. 6481 (p. D556).
12. PRICE SUPPORTS. Sen. Brewster, Mo., inserted a resolution from various citizens favoring price supports for potatoes after Dec. 31, 1948 (p. 6847).
13. OLEOMARGARINE TAXES. Sen. Butler, Nebr., submitted amendments which he intends to propose to H. R. 2245, to repeal oleo taxes (p. 6847).
14. ADJOURNED until Tues., June 1 (p. 6874). The calendar is to be read at that time, followed by the displaced-persons bill and the selective-service bill (p. D560).

HOUSE

15. CENSUS. Passed, with the language of H.R. 6208 inserted as an amendment, S.554, to provide for rescheduling of the censuses of manufacturers, business, and mineral industries, and to provide for the taking of a census of transportation (pp. 6878-86).
16. HEALTH. Passed, with the language of H.J.Res. 409 inserted as an amendment, S.J. Res. 98, to provide for membership and participation by the U.S. in the World Health Organization (pp. 6911-6).
17. FOREST LANDS. The Public Lands Committee reported with amendments S. 1037, to add certain public and private lands to the Caribou National Forest, Idaho (H. Rept. 2081) (p. 6927).
18. PURCHASING. The Judiciary Committee reported with amendments H.R. 4659, to ratify and confirm amendments to certain contracts for the furnishing of petroleum products to the U.S. (H.Rept.2077) (p. 6927).
19. MINERALS. The Agriculture Committee reported with an amendment H.R. 5048, to direct the USDA to convey to present owners of the surface lands, mineral rights acquired from the Missouri Defense Relocation Corporation (H.Rept. 2084)(p.6927).
The Agriculture Committee reported with an amendment H.R. 5263, to permit USDA to execute and deliver to present owners of certain lands acquired by the

I am exceedingly well pleased that the amendment regarding homes for paralyzed veterans was incorporated in the housing bill as it passed the Senate, and am hopeful that this will be enacted into law at a very early date.

Again let me extend my sincere appreciation for the valuable assistance your organization gave. I am having this letter inserted in the CONGRESSIONAL RECORD as an extension of my remarks on the housing bill, as I certainly want the RECORD to include a statement of my recognition of your services.

The members of the committee and I were also very much impressed by the assistance given the committee at various regional hearings by the Jewish War Veterans and the Catholic War Veterans.

With kindest regards and every good wish, I am,

Sincerely yours,

JOE McCARTHY.

CITIZENSHIP OF THE TRAPP FAMILY

Mr. AIKEN. Mr. President, on Wednesday, May 26, 1948, the Naturalization Department conferred citizenship on Mrs. Maria Trapp and her four daughters, of Stowe, Vt. Mrs. Trapp is the widow of Baron von Trapp, who escaped from Austria with his children and his counselor approximately 10 years ago and made his way to America before the beginning of World War II. He was determined not to serve Mr. Hitler and company in World War II. The family arrived in America without much, if any, money. The family was very talented, being exceptionally good singers, and literally "sang for their supper" for some time. They finally located just outside the village of Stowe, Vt., in a section which most nearly resembled their native Austria. They were well-to-do when in Austria. Their home was taken over by the Nazi Himmler and occupied by him during the war.

Baron von Trapp died last year and is buried in the hills of Vermont.

This remarkable family has shared its talent with the people of the United States. They not only conduct a school, or gatherings for the teaching of group singing, in their Vermont home during the summer, but since they have been in the United States they have given more than 300 concerts in, I believe, every State in the Union. I personally heard them sing in Constitution Hall in Washington. They are a truly remarkable family. They have worked their way deservedly into the hearts of the people of Vermont and of all Americans, I am sure.

I ask unanimous consent to have printed in the RECORD, in connection with my remarks, a story from the Montpelier Evening Argus of May 26, 1948, which more fully tells of this unusual Austrian family who have become American citizens—that is, all of them who were old enough.

Although Baron von Trapp was a submarine commander during World War I, two of his sons became citizens through their work with the American Army in World War II. I think that this family deserves the recognition which the insertion of this story in the CONGRESSIONAL RECORD will give them.

Mrs. Trapp is no longer Baroness von Trapp, but is just Mrs. Trapp, of Stowe, Vt.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TRAPP CONCERT FAMILY BECOME CITIZENS OF THE UNITED STATES

Baroness Maria Trapp and her four daughters of Stowe became citizens of the United States of America at the Federal building in Montpelier today.

The famous concert family, formerly of the Austrian nobility (they have dropped the word "von" from their name), were among 45 persons who were administered the oath as citizens at a naturalization session of United States district court here today.

The daughters are Martina, Hedwig, Maria, and Agatha. The mother and daughters were attired in picturesque native costumes as they took the oath.

Two sons of the family, Rupert and Werner, attained citizenship when they served in the United States Army during the war. A third son, John, was born in this country. Baron Trapp died about a year ago.

Following the naturalization proceedings, the Trapp family went to the executive chamber at the statehouse to pay their respects to Gov. Ernest W. Gibson, who congratulated them upon becoming American citizens. When she was presented as Baroness von Trapp, she made the correction that under United States law there are no titles of nobility and that she is now plain Mrs. Trapp.

MRS. TRAPP'S STATEMENT

The family was photographed outside the Federal building following the proceedings. The mother, in talking with newspapermen, expressed the following appreciation of the citizenship bestowed upon the family:

"As long as we lived in our country (Austria) in a very comfortable house, we did not really appreciate what it meant. We had to learn the hard way. We had to lose our home and country and to live without a flag or a national anthem and as displaced persons and refugees for years to understand what it means to belong to a place and to have a home. After years of hardships we have learned to know, appreciate, and love America and Americans, our love for the Nation starting with the people and extending from them to the Nation.

"In over 300 concerts all over the United States, we have visited all 48 States several times. We have had years to decide in what State we wanted to settle, and we have chosen the Green Mountains of Vermont, on account of its resemblance to our beloved mountains of Austria and the resemblance of Vermonters to the people of our native land. We have learned that the size of a State is not counted by square miles or by the number of its people. My husband who died a year ago is buried in the mountains of Vermont and this is now where our hearts are rooting.

"For us it is a day of thanksgiving. When the judge said at the beginning of his remarks, 'Fellow citizens,' we knew that after 10 long, anxious years we again have a home, flag, and an anthem worth living for and dying for."

In the 9 years since their arrival in America, the Trapp family has become one of the country's most popular concert attractions, both by their unusual musical performances and because they are a storybook family come to life.

In the thirties the Trapps lived quietly in a medieval castle in the mountains near Salzburg, Austria. They always sang together for their own amusement and roamed their countryside collecting folksongs which had never been written down. They had their own chaplain, Rev. Franz Wasner, who prepared for their use special transcriptions of old church music and also instructed them in the performance of many ancient instruments.

Then the Nazis invaded Austria and the Trapp family, after defying the new order, were forced to flee from their ancestral home. They took a ship from Italy and landed at Ellis Island, New York, with a total capital of \$50. Their only prospect of earning a living was their music, and led by Father Wasner they started out on a concert tour in a dilapidated bus, accompanied by many hardships, but they soon caught the imagination and the affection of the American public and today they give sold-out concerts each year in more than 125 cities.

The Trapps make their permanent home on a farm in the Green Mountains near Stowe, Vt., which is visited each summer by hundreds of persons from all parts of the country who gather there for "sing weeks" learning to sing old folk and church music and to play the ancient instruments with their foremost exponents.

Two sons of the Trapp family, Rupert and Werner, served overseas with the United States Army during the war. Rupert Trapp is now a physician on the staff of St. Francis' Hospital, Hartford, Conn.

The Trapp family was accompanied by Fletcher B. Joslyn to the Governor's office, where several pictures were taken. Mrs. Trapp told the Governor about the Austrian Relief Association and what it is sending to the people of Austria. She asked about the possibility of displaced persons settling on hill farms in this State. The Governor told her that was dependent somewhat upon the quota which has been fixed. She said she would take the proposition up with the Vermont congressional delegation when in Washington.

TEMPORARY EXTENSION OF CERTAIN PRESIDENTIAL POWERS UNDER SECOND DECONTROL ACT OF 1947

Mr. WHERRY. Mr. President, I ask unanimous consent that the unfinished business, the displaced persons bill, be temporarily laid aside and that the Senate proceed to the consideration of House bill 6659, a bill for the temporary extension of certain powers under the Second Decontrol Act of 1947.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska?

There being no objection, the Senate proceeded to consider the bill.

Mr. FLANDERS. Mr. President, I move to strike out all after the enacting clause in House bill 6659, and insert in lieu of the portion stricken Senate bill 2746, as proposed to be amended by the Committee on Banking and Currency. That bill will be found on the desks of Senators, and also the report on the bill is on Senator's desks.

I wish to give a brief résumé of the difference between the two bills. The House bill would have extended the President's authority to control materials such as tin and tin products, antimony, fats and oils, rice and rice products, and nitrogenous fertilizer materials, and petroleum and petroleum products. Unless extended, these controls will expire on May 31, 1948. The House bill grants the President authority to control nitrog-

enous compounds, including anhydrous ammonia, necessary for the manufacture and delivery of nitrogenous fertilizer materials required for export, and requires 50 percent of the export requirements of such materials to nonoccupied areas to be supplied out of production of plants operated by the Department of the Army. The House bill would not have extended the President's control of cinchona bark, quinine, and quinidine. It would also have repealed the authority granted the President under existing law to use price criteria in the licensing of exports.

The Senate bill differs from the House bill in the following respects:

First. It substitutes the date June 30, 1949, for the date February 28, 1949, carried in the House bill as the termination date for the extended controls. The effect of this difference is to extend also the power presently possessed by the President to control the use of transportation equipment and facilities by rail carriers beyond February 28, 1949, when that power would otherwise expire under existing legislation.

Second. The Senate bill would continue the President's authority to exercise controls over cinchona bark and quinidine, but not over quinine.

Third. The Senate bill does not repeal the power presently possessed by the President to use price criteria in the licensing of exports.

It is apparent that immediate favorable action must be taken upon this legislation if we are to prevent the controls from expiring within the next few days.

So, Mr. President, as I have said, I move that all after the enacting clause of House bill 6659 be stricken out, and that in lieu thereof there be inserted the text of Senate bill 2746, as proposed to be amended by the committee.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Vermont, who by his motion is offering an amendment in the nature of a substitute.

Mr. GURNEY. Mr. President, to the substitute I offer the amendment which I send to the desk and asked to have stated.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 2, in line 9, of the amendment submitted by Mr. FLANDERS, it is proposed to change the word "shall" to "may."

On page 2 in line 14, after the word "requirements", it is proposed to insert the following:

There is hereby authorized to be expended such presently available funds and to be appropriated such additional funds not otherwise appropriated, as may be necessary to enable the Department of the Army to increase the production of anhydrous ammonia plants presently in operation and to place in operation such necessary additional facilities as may be obtainable in order to produce such 50 percent of the export requirement of the United States of nitrogenous fertilizer materials to nonoccupied areas: *And provided further*, That the Department of the Army's participation in the export program to these nonoccupied areas may be limited to an amount equal to the additional production so made available.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from South Dakota to the substitute proposed by the Senator from Vermont.

Mr. GURNEY obtained the floor.

Mr. FLANDERS. Mr. President, will the Senator yield to me?

Mr. GURNEY. I yield.

Mr. FLANDERS. I have gone over the amendment offered by the Senator from South Dakota. I understand that it comes from the Army. I have discussed the amendment with the authorities of the Department of Commerce, and they offer no objection to it. So I shall be glad to accept it.

Mr. MAYBANK. Mr. President, if the Senator from South Dakota will yield to me, I should like to ask him whether the amendment was presented to the House of Representatives.

Mr. GURNEY. I do not believe it was. It was presented to me only today because of the urgency of the situation to which this bill relates. In other words, it would take away some production from occupied areas for use in unoccupied areas, as I understand the situation.

Mr. MAYBANK. Mr. President, all I should like to say is that every time any measure affecting the American farmer comes up on the floor of the Senate, the Army always attempts to interfere.

This bill was before the House of Representatives, and prior to that it was before the House committee. The committee held hearing after hearing. I myself attended them. I went over there day after day. The House passed the bill. During all those extended hearings the Army knew the present law would expire on May 31. Nevertheless, now, at the last minute, as the distinguished chairman of the committee has said, the Army suggests an amendment which would interfere with what has been done by the House of Representatives—by those who know something about the situation of the farmers.

Mr. GURNEY. Mr. President, as I understand the matter, the Army is now engaged in producing this fertilizer material in some of the munitions plants, and is presently producing a little over 200,000 tons a year. This amendment will allow the Army to increase that production.

As I see the situation, not only should that help the American farmer—and certainly I do not wish to hurt the American farmer in any way; I know we are terrifically short of fertilizer—but this amendment would allow the Army to place in operation more plants which now are in a stand-by condition. The amendment also would allow the Army to have at least some discretion as to the amount of fertilizer to be shipped out of the occupied zones. When fertilizer is shipped out of the occupied zones, that means larger appropriations for feeding the people in the occupied zones, for this amount of fertilizer is equal to a considerable amount of grain and other food-stuffs, which it is estimated might cost \$58,000,000. With the inclusion of the amendment, there is a chance to save some of that expense.

I think the greatest benefit of the amendment, however, will be in allowing

the production of more of these fertilizer materials in the United States.

Mr. MAYBANK, Mr. MORSE, and other Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from South Dakota yield; and if so, to whom?

Mr. GURNEY. I yield first to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, I have no quarrel with the Army, as the distinguished chairman of the Armed Services Committee knows very well.

Mr. GURNEY. That is correct.

Mr. MAYBANK. I serve on the Senator's committee, and I have done everything I could to help the Army and the Navy and the Air Forces. But I object to the sort of procedure we are confronted with now, when, after the hearings have been held by the House committee, which were attended by witnesses from practically every State of the Union, who testified before the committee, and after the bill has been passed by the House of Representatives and has been sent to the Senate and is about to be considered by the Senate, then, on the very day when the Senate is about to act on the bill, the Army sends an amendment here.

The next time the Army is interested in such matters, I hope it will go to the House committee in the first place, when the bill is before the House committee, and will present its views, so that everyone will know both sides of the matter, rather than suggest an amendment in this way, just a few hours before the act expires. That is my only objection.

Mr. FLANDERS. Mr. President, will the Senator from South Dakota yield to me?

Mr. GURNEY. I yield.

Mr. FLANDERS. I should like to suggest that since the timing of this matter is important and since the question raised by the Senator from South Carolina [Mr. MAYBANK] is also important, probably the best way to handle this matter would be in conference. If I am not misinformed, the Senator from South Carolina will be a member of the conference committee. I assure him that his point of view will have my support, if I should chance also to be on the conference committee. So, in view of that situation, I suggest that the bill be allowed to go to conference with the Army amendment.

Mr. MORSE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from Oregon?

Mr. GURNEY. First, Mr. President, I wish to say that an explanation has been furnished by the commanders in the occupied zones in regard to this fertilizer problem, so at this time I ask unanimous consent to have the statement of the Army's position appear in full in the RECORD, for the benefit of all Senators and also for the benefit of the conferees, so that the problem may be properly understood.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The bill, H. R. 6659, which passed the House of Representatives May 26, 1948, contains a provision that 50 percent of the export program of the United States of nitro-

enous fertilizers to nonoccupied areas will be supplied from the production of the United States Army Ordnance plants.

Army Ordnance production, indigenous production, and imports from other sources will provide only about 90 percent of the minimum requirements of the occupied areas for nitrogen for production of direct food crops alone. These supplies would meet only about 75 percent of the desirable quantities to bring agricultural production into proper balance.

This bill will result in a loss to the occupied areas during the fiscal year 1949 of about 30,000 metric tons of nitrogen. This is equivalent to about 450,000 tons of grain at a landed cost of approximately \$58,500,000, if this grain were obtainable which is problematical. In other words, the loss of \$9,000,000 worth of nitrogen will result in a net loss of about \$49,500,000 worth of food to areas that are already on a bare existence ration.

The committee has stated that these exports could be met by increasing production in Government owned plants. The ammonia plants operated by the Ordnance Department of the Army are operating at their demonstrated maximum production rates. The Cactus ammonia plant is being expanded by additions of basic equipment. Additional production from this plant that can be expected during the fiscal year 1949 has been programed and is included in the expected supplies available for the occupied areas.

It is true that there are two idle units capable of producing ammonia at the Missouri Ordnance Works. This plant is now being operated by the Bureau of Mines in its synthetic fuel research program. These two units cannot operate in their present location as such operation would seriously interfere with the very important fuel research program. Private industry has been investigating the possibility of moving these units to a location near available supplies of natural gas. It is understood that no company has felt this action was financially practical.

It is barely possible that an increase in production may be obtained during fiscal year 1949 to take care of a part of the 30,000 tons of nitrogen that would be the responsibility of the Department of the Army. This increase would not be available until very late in the fiscal year and would require funds in excess of \$11,000,000 and would provide about 25,000 tons of nitrogen, which includes about 9,000 increase already provided for in the Department of the Army program for occupied areas. This is predicated on the questionable assumption that required materials will be immediately available.

The net effect of the provision of this act will be a loss of about 12 percent of the nitrogen programed for export to the occupied areas; a loss of about \$58,500,000 worth of food to the Government; and a possible increase of about 3 percent in the amount of fertilizer nitrogen available in the United States, providing the additional available domestic supply of nitrogen is not converted to industrial uses.

The effect of exports of ordnance production, for other than military purposes, on the present license and royalty-free-production basis cannot be ascertained at the present moment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GURNEY. I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I agree with the Senator from Vermont that the only place where this amendment can be finally thrashed out is in the conference committee, but I think it is important to make a very brief record on the floor of the Senate in connection

with the remarks made by the distinguished Senator from South Carolina. I wish to join with the Senator from South Carolina, who, as I am, is a member of the Armed Services Committee, of which the distinguished Senator from South Dakota is chairman, by stating for the RECORD that this is merely another example of Army officials coming in at the last minute under the guise of rush and pressure to seek to have their way in a matter concerning which they should have presented their point of view in full formal hearings days or weeks before matters reached the point this particular matter has reached this afternoon.

For the RECORD I desire to point out that I am very glad the amendment in the nature of a substitute offered by the Senator from Vermont [Mr. FLANDERS] for Senate bill 2746 contains practically the identical language of an amendment I offered some weeks ago to this bill in regard to nitrogenous fertilizer, particularly in relation to anhydrous ammonia. The United States Army have been on notice by Members of this body for weeks past in regard to the part they have been playing in connection with the manufacture of fertilizer which is so sorely needed by the farmers.

The conference of the Governors of 11 western States recently appointed a committee the chairman of which was sent to Washington to work with various western Senators in regard to the need for obtaining anhydrous ammonia at the earliest possible date for American farmers.

I appreciate the merits of the argument presented by the Army and by the administration in charge of the Army manufacture of nitrogenous fertilizer, particularly anhydrous ammonia. After all, it is cheaper to ship fertilizer to the occupied areas of Europe than to ship food. But the vital fact remains, Mr. President, that, as a result of the Army operations, of course, it has not been possible for commercial concerns in this country to manufacture to the maximum extent desirable the nitrogenous fertilizer needed for the benefit of the American farmer, and as a consequence, throughout the South and the West and in other sections of the country, too, Mr. President, large areas of land are being depleted because of a lack of an adequate supply of fertilizer. We have taken up this question with the Army and with Mr. John Steelman, representing the President. I want to say for the RECORD, that Mr. Steelman has extended to us the highest cooperation and made clear to us that he fully appreciates the fact that the American farmers have a great interest in obtaining an increased supply of fertilizer. I think the time has come to make perfectly clear to the Army and to the administration in behalf of the American farmer that we must stop this dangerous depletion of American farms because of the failure to supply our farmers with needed fertilizer.

I do not know for a certainty whether my amendment, and whether other sections of the substitute amendment of-

ferred by the Senator from Vermont, will give farmers the precious supply of anhydrous ammonia which is needed to meet their emergency need, but we are advised by officials in the Department of Commerce that with this bill the matter can be handled administratively if—and underline if, Mr. President—if there can be secured the cooperation of the Army and the White House which is essential.

I say now without fear of successful contradiction, Mr. President, because I think I know the facts in regard to the fertilizer situation, that if the American farmers do not obtain forthwith the fertilizer they need, under this bill, the responsibility must be placed where it squarely belongs, namely, upon the Army and upon the administration officials who have charge of the fertilizer program. Much as it is needed in Europe, we cannot justify building up the fertilizer supplies of Europe at the tremendous sacrifice we are paying in the form of depleted American land. I say to the farmers of America this issue is just as clear cut as the facts can make any issue. The facts make perfectly clear that if the administration and the Army want to proceed to make available to the farmers of America the fertilizer they need, it can be made available.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GURNEY. In reply to the Senator from Oregon, my understanding of the amendment I have just offered and which is now the pending question is that it will authorize the Army to place in production every plant in the United States and elsewhere to manufacture this extra fertilizer for the purposes advocated by the Senator from Oregon.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state the inquiry.

Mr. RUSSELL. Is the Senate considering the Senate 2746 which has been offered as a substitute for House bill 6659?

Mr. WHERRY. That is correct.

Mr. GURNEY. The Senator from Georgia has stated the situation correctly.

The PRESIDENT pro tempore. The Senate is considering the House bill for which the Senate bill has been offered as a substitute. To the substitute the Senator from South Dakota [Mr. GURNEY] has offered an amendment which is the pending question.

Mr. RUSSELL. I thank the Chair. Now, Mr. President, the amendment offered by the Senator from South Dakota is an amendment of tremendous consequence. I have been unable to obtain a copy of the amendment. I did not hear the Senator read the amendment.

Mr. GURNEY. Mr. President, I am glad to supply the Senator from Georgia with a copy.

Mr. RUSSELL. I thank the Senator. Mr. President, I should like to inquire of the Senator from Vermont exactly the effect of the language, commencing in

line 3, on page 2. Does that give power of allocation of particular nitrogenous fertilizers to some agency of the Government?

Mr. FLANDERS. Mr. President, if the Senator will pardon me a moment—

Mr. TAFT. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. TAFT. The section now provides that the powers shall be extended with relation to the materials, and facilities suitable for the manufacture of such materials, as follows:

(E) Fats and oils (including oil-bearing materials, fatty acids, butter, soap, and soap power, but excluding petroleum and petroleum products) and rice and rice products, for the purpose of exercising import control only; and nitrogenous-fertilizer materials for the purposes of exercising import control and of establishing priority in production and delivery for export, and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous-fertilizer materials required for such export.

In other words, the effect of the amendment is to continue the power under the Second War Powers Act over nitrogenous compounds, including import and export control over these materials.

Mr. RUSSELL. Does it not extend those powers to new and additional forms of fertilizer?

Mr. TAFT. I think it probably does, because the present act has to do simply with nitrogenous fertilizer materials. This has a somewhat wider provision. It includes nitrogenous compounds.

Mr. RUSSELL. Mr. President, I rise in opposition to the amendment offered by the Senator from South Dakota [Mr. GURNEY]. If it is proposed further to cut the fertilizer supply, I wish the RECORD to show that I shall vote against this measure. I am somewhat familiar with the problem and the effect it would have on various sections of the country.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, I would be the last person in the world to reduce the amount of nitrogenous fertilizer.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. EASTLAND. If there is not some control over the exports of nitrogenous fertilizer the market for the commodity will be destroyed.

Mr. RUSSELL. Fifty percent, as I understand, is to be shipped overseas.

Mr. EASTLAND. We do not want that; but we must have control.

Mr. RUSSELL. I was not referring to mere control. But the bill provides that 50 percent—

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MAYBANK. That has reference to 50 percent of the Army's production.

Mr. RUSSELL. I did not hear the Senator's explanation of the bill.

Mr. MAYBANK. It refers to 50 percent of the Army plants, which intend to increase the amount produced, ac-

cording to the statement of the Department of Commerce, to 86,000 tons additional. Is not that correct? I ask the Senator from Vermont.

Mr. FLANDERS. That is the purpose of the amendment introduced by the Senator from South Dakota [Mr. GURNEY], to expand production of the nitrogenous product.

Mr. RUSSELL. Do I correctly understand that the purpose is to regulate the Army plants?

Mr. FLANDERS. The purpose is to give the Army authorization for constructing more plants and increasing production in existing plants.

Mr. RUSSELL. I must say, Mr. President, that I misunderstood the amendment when it was read from the desk. I understood that the purpose was to lessen production. I may suggest to the Senator from Vermont that I think the language should be "at least 50 percent," because it might be difficult to handle the matter on exactly a 50-percent basis. The proviso requires that 50 percent of the export requirements of nitrogenous fertilizer materials in nonoccupied areas shall be supplied from nitrogenous fertilizer materials produced in plants operated by the Department of the Army.

Mr. FLANDERS. It is a fact, I will say to the Senator from Georgia, that the amendment offered by the Senator from South Dakota loosens up the mandatory 50-percent provision, but on the other hand, it provides for expanding the Army's production and makes the percentage permissive rather than mandatory, so that any amount which can be arranged for as between the departments of the Government can be applied to the nonoccupied areas.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MAYBANK. My objection to the amendment was that it did not provide for more than the additional amount to be manufactured.

Mr. FLANDERS. But it is now "may" instead of "shall."

Mr. SPARKMAN. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, it seems to me that the bill as it has been reported by the Senate Banking and Currency Committee is in line with the very things which the Senator from Georgia wants. The question which comes to my mind is the extent to which the amendment offered by the Senator from South Dakota takes away what we are trying to do under the bill. I share the feeling expressed by the Senator from South Carolina and the Senator from Oregon regarding the presentation of the amendment in this way. I regret very much that it was not presented to the committee so that all these intricate problems could have been sufficiently considered. I realize that there is a lack of time in connection with the bill, but I believe that in letting the amendment go to conference it should be with the understanding that the conference will go into the matter quite thoroughly with

the Army and that it will not necessarily be taken as binding upon us, simply because we let the amendment go to conference.

By the way, Mr. President, if the Senator will yield further—

Mr. RUSSELL. I yield.

Mr. SPARKMAN. I should like at this time to place in the RECORD as a part of my remarks, a letter from the Food Administrator for occupied areas, dated May 24, 1948, addressed to Hon. JESSE P. WOLCOTT, chairman, Committee on Banking and Currency, House of Representatives, with a statement relating to the various nitrogenous fertilizer plants under the control of the Army in this country. I believe the purport of that statement is somewhat contradictory of the amendment offered by the Senator from South Dakota, but certainly it would be only right and proper to have it in the RECORD in order that it may be before us.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

Hon. JESSE P. WOLCOTT,

Chairman, Committee on Banking and Currency, House of Representatives.

DEAR MR. WOLCOTT: On the afternoon of May 21, 1948, when I appeared before your committee to testify on the Army fertilizer program for the occupied areas, I was asked how much it was possible to increase production in the Army Ordnance operated ammonium nitrate plants.

These plants are being operated at full capacity; however, with a considerable expenditure of funds—in excess of \$10,000,000—the total capacity could be increased about 86,000 short tons annually.

The attached document gives a discussion of individual plants, showing briefly the installations required to increase production to this figure.

Sincerely yours,

TRACY S. VOORHEES,

Food Administrator for Occupied Areas.

POSSIBLE INCREASES IN PRODUCTION OF PLANTS OPERATED BY THE ARMY ORDNANCE DEPARTMENT IN THE FERTILIZER PROGRAM FOR OCCUPIED AREAS

1. Cactus Ordnance Works, Eter, Tex.: The capacity of this plant can be doubled by completing the installation of some equipment for nitrogen production. This equipment was only partially installed by the Army and the project was abandoned as a result of the termination of hostilities. Considerable expenditure of funds will be required for this completion.

This plant is presently being leased and one of the conditions of the lease is that the lessee complete the installation of the additional equipment. This will increase the capacity by about 60,000 to 70,000 tons of nitrogen per year.

2. Ohio River Ordnance Works, West Henderson, Ky.: Production at this plant could be increased if it were possible to obtain a higher grade of coke than is presently in use. This high quality coke is well suited for use in the steel industry and cannot be obtained by the Army.

An alternative is to install 24 coke ovens with auxiliary equipment in order that coke could be produced at the plant and therefore obtain the high grade desirable. The estimated cost of this installation is about \$3,800,000 and it would increase the capacity of about 5,000 short tons per year.

3. Morgantown Ordnance Works, Morgantown, W. Va.: Production at this plant could be increased by installing 15 additional

coke ovens with auxiliary equipment and an additional gas generator. The estimated cost of this installation is about \$3,100,000 and it would increase the capacity by about 16,000 short tons per year.

4. Other plants: The other plants operating in the Army fertilizer program process the anhydrous ammonia produced in the three plants discussed above. Since these plants process nitrogen instead of producing it they cannot increase the nitrogen production. Processing capacity is no problem.

5. General: The total increased capacity for the production of nitrogen as discussed above is estimated at about 86,000 short tons annually. The time required to complete the program is estimated at 2 years, however, it is possible to realize some increased production in from 4 to 6 months. The amount of this increased production is very difficult to estimate, but it would not be much.

Missouri Ordnance Works, Louisiana, Mo.: This plan was not included in the discussion above because it is not under control of the Department of the Army. The Bureau of Mines is conducting experimental work on synthetic fuel which requires 60 percent of the capacity. The other 40 percent of the capacity, it is understood, is remaining idle. The operability of the unused portion is not known.

The total nitrogen capacity of this installation when operated by the Department of the Army was about 60,000 short tons per year.

Mr. SPARKMAN. Mr. President, if the Senator will yield for one more moment, I should like to ask unanimous consent to place in the RECORD at this point an article from the New York Times of Sunday, May 23, 1948, relating to this bill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OIT REVISIONS MEET EXPORT OBJECTIONS—
CHANGES EFFECTIVE ON JUNE 1 ARE VIEWED
AS SUBSTANTIALLY FILLING 'TRADERS'
REQUESTS

(By Thomas F. Conroy)

The long-awaited revision of its export licensing policy was issued last week by the Office of International Trade and is credited with meeting substantially all of the changes urged during recent months by foreign traders. The revisions, contained in bulletin 457, after the original provisions of Bulletin 431 and become effective on June 1.

The changes cover price criteria as a factor in the granting of export licenses; the use of commodity advisory panels by OIT; at least modified use of the "historical basis" for issuing licenses, and a clarification of the role of foreign government recommendations and procurement.

Under the new regulations the use of price criteria has been minimized and no longer looms as cause for complaint which greeted its first announcement, it was pointed out. No ceilings have been set, but the bulletin declares that provisions of section 3b of Public Law 395, regarding price "will be applied as one of the licensing criteria only when the export price for the specific commodity is excessive."

Moreover, under the OIT plans to consult industry, the new policy calls for consultation with commodity advisory panels or committees whenever possible in determining what constitutes "obviously excessive prices."

CONTRACT PRICE ALLOWED

The revisions also permit the use of the export contract price which eliminates confusion which was feared because of f. o. b. factory pricing in some instances and addition of shipping costs in others. Point of delivery, however, must be clearly indicated,

and if the point of delivery is other than the intended port of exit of the shipment, the latter must also be shown.

In connection with the historical basis for the granting of licenses, OIT did not return fully to its procedure prior to the announcement of export controls in bulletin 431 last December. It pointed out that throughout the war years and the postwar period this basis was a controlling factor in the granting of export licenses, whereby the bulk of export quotas was reserved for those exporters who had established United States export trade during a base period of severe competition when there were no export controls.

Now, OIT says, "while the historical method will not be the predominating factor in licensing commodities, it may be taken into consideration together with other criteria when quotas are over-subscribed in order to insure a fair and equitable distribution of available quotas."

The status of foreign government recommendations in connection with the granting of export licenses, which may become important as the European recovery program gathers headway, is clarified in the revised regulations. OIT reserves the right in all respects to determine to what extent any recommendations made by foreign governments should be followed.

An even stronger stand, it was pointed out, is taken by OIT in stating that it will not seek or undertake to give consideration to recommendations from foreign governments as to United States exporters whose license applications should be approved. This was interpreted as throwing the field wide open to American exporters without the weight of OIT influence being thrown to any at the request of a foreign government.

Exporters hailed the stand of OIT on United States and foreign government procurement. For such purchases as may be made by agencies of the United States Government, it was stated, licenses will be issued to the Government purchasing agency or its designee making the shipment, but such exports will be authorized only where it is evident that the use of private trade channels is inappropriate.

Procurement by foreign governments, it was added, will be subject to continuous review in line with the announced policy of the United States to maximize the restoration of private trade. In every instance, the foreign government will be requested, before it buys any commodity, to establish the competitive nature of its procurement.

Mr. AIKEN and Mr. KNOWLAND addressed the Chair.

Mr. RUSSELL. I yield first to the Senator from Vermont.

Mr. AIKEN. Mr. President, I make inquiry as to the extent of our exports of nitrogenous materials to foreign countries, the extent of the Army's production as compared with that of a year ago, the amount of nitrogenous materials exported to nonoccupied areas, and the amount which is anticipated it will be exported during this year.

Mr. RUSSELL. I will say to the Senator from Vermont that I think his question should be more properly addressed to the Senators in charge of the bill.

Mr. MAYBANK. Mr. President, I shall be glad to furnish the Senator from Vermont with a list of the producers of the product as given to me by the Department of Commerce.

Mr. AIKEN. As I understand, although the original bill provides that 50 percent of the nitrogen exported to nonoccupied areas is to be supplied by the Army, under the amendment offered by the Senator from South Dakota, if the Army produces

only 5 percent, the other amount comes from domestic producers.

Mr. FLANDERS. Mr. President, will the Senator yield so that I may answer the question?

Mr. RUSSELL. I yield.

Mr. FLANDERS. Under the amendment offered by the Senator from South Dakota, as I read it, it is not required to send only a certain amount; it is permissive to send more. I may say that the Department of Commerce officials are quite confident of their ability to provide means whereby the Army can send more than 50 percent.

Mr. AIKEN. Do I correctly understand that the amendment offered by the Senator from South Dakota will permit the Army to send more than 50 percent? Does it not also permit sending less than 50 percent, even down to nothing? Knowing the difficulty the Army had in getting plants into operation a couple of years ago, I am wondering whether it is this year or some year in the future that they will be producing more nitrogen. Plants were idle for 18 months before they started producing nitrogen, after VJ-day.

Mr. RUSSELL. If I am clear in my understanding that the purpose of the amendment offered by the Senator from South Dakota is to relieve the Army from mandatory responsibility under the act of Congress to produce nitrogenous fertilizer, I shall insist on my opposition.

Mr. KNOWLAND addressed the Chair.

Mr. RUSSELL. I yield to the Senator from California.

Mr. AIKEN. Mr. President, I have another question I should like to ask.

Mr. RUSSELL. Then I yield first to the Senator from Vermont.

Mr. AIKEN. Does not the bill which we have before us add liquid nitrogen to the items which may be allocated within the United States? Am I correct about that?

Mr. RUSSELL. It is my understanding, from a memorandum which the Senator from Ohio was kind enough to show me, that it does add liquid nitrogen.

Mr. AIKEN. My reason for asking the question is a letter I have from New England, from the manager of the Eastern States Farmers' Exchange, which, I think, are the largest handlers of fertilizer in New England. I should like to read a paragraph, and perhaps it will furnish an explanation as to the accuracy of the knowledge which Mr. Quentin Reynolds, who wrote the letter, has. The paragraph states:

If the measure goes through, it is my understanding that liquid nitrogen, as well as solid nitrogen, will be in allocation and that the allocation of liquid nitrogen produced in the Northeast will draw from northeastern agriculture a significant quantity of the one remaining source of nitrogen to offset the depletion in the quantities available in the Northeast of nitrate of soda from Chile, sulphate of ammonia from the steel industry, and ammonium nitrate from Canada.

The remainder of the letter describes the growing shortage, the reduction of imports from Chile and imports from Canada, which he states are threatened seriously.

I am wondering if the effect of the bill would not be to reduce the amount available for domestic agricultural uses to a considerable extent.

Mr. RUSSELL. It is my fear that the first part of the amendment, wherein in page 2, line 9, the word "shall" is changed to "may", will be absolutely to destroy the effect of the protection of the domestic consumer of nitrogenous fertilizer. That is the basis of my opposition to the amendment offered by the Senator from South Dakota. It is a mere request to the Army that they will get the plants in operation to produce the nitrogenous fertilizer when some of us have been requesting them in terms that perhaps included too much emphasis for some weeks and years to get the plants open and in operation, and to stop draining off the fertilizer necessary for the production of the crops of this country.

I now yield to the Senator from California.

Mr. KNOWLAND. Mr. President, I wish to say that I agree with the Senator from Georgia as to the general need of fertilizer in this country, and certainly, coming as I do from one of the large agricultural States, I am familiar with the serious shortage. However, it seems to me that the approach being offered by the Senator from South Dakota is a constructive approach, namely, to encourage the increase in the productivity of these plants. My able colleague from Georgia sits with me on the Committee on Appropriations, and we know that in a very short time we are to consider the appropriations for the occupied areas in Germany, Korea, and Japan. Certainly if we desire to get those countries back on a self-supporting basis, so that they will not continue to be a considerable drain on the American Treasury, we will have to get them into a condition where they can produce the food necessary to feed their people, and so that the workers in those countries will be able to produce.

It seems to me that if out of the present production which is going into those areas we take a considerable part away, we are going to increase greatly the occupation costs, because if this fertilizer is furnished, the people will be able to provide the same amount of food for approximately from one-fifth to one-one-twelfth what it would cost to ship the food in from outside areas.

So I certainly hope that when the able Senator from Vermont takes the amendment to conference it will not be in a perfunctory way, but that the conferees will give very careful study to the problem from the point of view of the ultimate call upon the Senate for appropriations.

Mr. RUSSELL. Mr. President, I have no objection to the part of the amendment which authorizes the Army to expend funds for the purpose of increasing production. I think that is highly desirable. I doubt whether it is necessary, because I think the Army has all the authority it needs now to operate these plants at maximum capacity.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from South Dakota.

Mr. GURNEY. They may have the authority now to operate all these plants, but they do not have the funds specifically allocated for that purpose, and this bill brings the matter to the fore, and would permit the Army to ask for the funds necessary to place the plants in full operation in the next fiscal year. It would provide for an increased production in the United States during the next fiscal year by over 20,000 tons, and a further increase in production as soon as the plants were operating at maximum capacity.

Mr. RUSSELL. Mr. President, I heartily support the Senator's desire that an increase be authorized. What I am opposed to is the removal of the word "shall," which appears in the bill as reported by the committee, as well as in the bill as it passed the House, on page 9, leaving the matter entirely to the option of the Army as to how much they shall produce and as to how much they may take away from the domestic farmer.

Mr. CORDON. Mr. President—

Mr. RUSSELL. I yield to the Senator from Oregon.

Mr. CORDON. I wish to make one comment with reference to the present situation in the Army-operated plants. One of the largest is at Cactus, Tex. I am sure the Senator from Georgia recalls that plant suffered a very severe fire, and as a result is now producing merely a fraction of what the total production would be if the plant were rebuilt. But it will take a capital investment in that plant before full production can be attained. That, of course, goes only to the first part of the amendment offered by the Senator from South Dakota. I think it is very advisable that any authority necessary be granted to the Army in that instance, in order to rebuild the plant and put it in shape for maximum production.

Mr. RUSSELL. That authority would be contained in the second part of the Senator's amendment, in which he authorized the expenditure of the funds. There may be some reason for changing the word "shall" to "may", but it is not clear to me.

Mr. FLANDERS. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from Vermont.

Mr. FLANDERS. I should like to suggest that the debate we have had on this question has been most informing, it has been necessary, and it should be considered by the conferees as a guide in the conference with the House. I suggest again that in the situation which faces us the conference is the only place where this matter can be worked out. With the discussion we have had as a guide to our work in conference, I hope the amendment may come to a vote.

Mr. RUSSELL. Mr. President, I have great faith in the conferees on the part of the Senate, but that does not absolve me of my responsibility as a Senator. Earlier in the afternoon we adopted a conference report on a bill to which some 8 or 10 amendments had been approved

by the Senate, but they were lost completely in the conference. I have seen that happen time and again, and I wish to make my position with respect to the pending matter perfectly clear. I shall not take any great amount of time, but this is a matter which happens to be of rather vital importance to the people of the State which I in part undertake to represent in the Senate.

Mr. MORSE. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from Oregon.

Mr. MORSE. I might say, in response to the comment made by the Senator from South Dakota, as well as my colleague, the senior Senator from Oregon, and the Senator from California, that I think the amendment offered by the Senator from South Dakota should go to conference. But the important thing to remember in conference in connection with this matter is that the amendment offered by the Senator himself gives us an opportunity in conference to insist upon a formula which will make it possible to divert from the Army supply an amount of anhydrous ammonia, for instance, necessary to meet American farm needs. That is a surprisingly small amount. The Commerce Department officials advised us—and they supplied us with statistics which have convinced me that they are correct—that a diversion of only from 3 to 5 percent of the anhydrous ammonia now going into export will meet the emergency need of the American farmer.

The Senator from California pointed out the need for this fertilizer in his State. It affects the entire fruit industry of the country. The amount of yield in fruit this year is going to be drastically curtailed because of the failure on the part of the Government during the past year to supply the small amount of anhydrous ammonia necessary to meet this farm need.

There is in Missouri a Government plant known as the Louisiana plant. It is now under the control of the Bureau of Mines. It has three so-called anhydrous ammonia trains—in this case they are called trains—which is the necessary equipment for the manufacture of anhydrous ammonia. Those trains are standing idle today because the Government is not using the necessary funds in order to manufacture the needed anhydrous ammonia in this plant. As I understand the amendment offered by the Senator from South Dakota, it would make available funds so that those trains could be put into operation.

But that alone is not all that is necessary. Over and above that, I may say to my good friend the Senator from Georgia we must have written into this bill in conference a formula which will make it mandatory upon the Army to see to it that there is diverted the small percentage of anhydrous ammonia which is necessary to meet the emergency need on the part of the American farmer.

I think it would be germane to the amendment and to the bill in its final form, as suggested to be changed by the amendment of the Senator from South Dakota, to include in conference a provi-

sion for diversion. Unless that is done, I submit that the substitute bill offered by the Senator from Vermont, including the amendment offered by the Senator from South Dakota, will not meet the need of the American farmer for anhydrous ammonia. We are not going to get it unless legislation is enacted whereby it is made mandatory upon the Army to divert the necessary small percentage of anhydrous ammonia from its plants.

Mr. EASTLAND. Mr. President, will the Senator from Georgia yield to me in order that I may propound a question to the Senator from Oregon?

Mr. RUSSELL. I yield to the Senator from Mississippi for that purpose.

Mr. EASTLAND. The Senator from Oregon is mistaken in his facts respecting the plant at Louisiana, Mo. To begin with, there are more than three trains at that plant. Some of them are being operated by the Bureau of Mines for experimental purposes. I submit that if we are materially to increase the supply of anhydrous ammonia in the United States we must take those plants from the Bureau of Mines and put them to work producing this material as they should be doing. Two trains have been declared surplus and are up for sale today. If those plants are sold they will be moved to other parts of the country. It will take a year, according to the figures of one of the companies which has an option on one of those trains, to place it in operation. If permission is given to dismantle that plant and to move the two trains, I do not think the bill, or the amendment proposed, will materially increase the amount of the material which will be available to the farmers.

Mr. MORSE. There is nothing in my remarks that would suggest that. I think they ought to be operated where they are. Certainly the Department of Commerce and the Army representatives informed our group when we met with them that there are three trains there which are not in use. The other trains are being operated.

Mr. EASTLAND. Mr. President, I have not read the amendment, but I ask whether the amendment would force them to keep those trains and operate them where they are, and would the amendment force them to take the other equipment away from the Bureau of Mines and put it into production? If it does not, it does not amount to much.

Mr. MORSE. I judge that under the amendment, the Army, in cooperation with the Bureau of Mines, would be given the funds to manufacture anhydrous ammonia at the point where the trains are located.

Mr. EASTLAND. But the trains are now declared to be surplus, and are for sale.

Mr. MORSE. But they can pass to the Army without any complicated procedure.

Mr. EASTLAND. I do not know that that will be done unless the amendment makes provision for it.

Mr. MORSE. If the Army is given an appropriation with which to do the manufacturing, I presume it will proceed to find the equipment with which to manufacture.

Mr. AIKEN. Mr. President, will the Senator from Georgia yield for another question?

Mr. RUSSELL. Yes; I yield.

Mr. AIKEN. I should like to ask if the bill permits the allocation of anhydrous ammonia for purposes other than the manufacture of fertilizer.

Mr. FLANDERS. The bill says nothing about that.

Mr. AIKEN. I have been told that enormous quantities of anhydrous ammonia are used for other purposes than fertilizer. I am told that is one reason why we are so desperately short of fertilizer today. I have not, however, had time to check on what I have been told in that respect. I have been told that very large quantities of anhydrous ammonia are being used by a single large corporation in the United States which could use alcohol for the same purpose. Perhaps I should not say anything about it, because I have not followed that statement through. If any Senator present knows about that, I should like to have him enlighten us.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. EASTLAND. I will say to the Senator from Vermont that he is exactly correct in his statement. Vast amounts of anhydrous ammonia are today being diverted from agricultural uses to the uses of industry. The du Pont Co. and the Hercules Powder Co. are two concerns which are making use of anhydrous ammonia for industrial purposes. The largest such plant we have in the United States, as I understand, is the Spencer Chemical Co., at Kansas City, Mo. Its output, until the past year, has gone practically exclusively into agriculture. They have a contract today with the Hercules Powder Co., and the product is being diverted to the chemical industry.

By the way, Mr. President, there is a large plant located at Lake Charles, La., but its product is going into the manufacture of chemicals. That is the primary reason for the shortage of fertilizer. When the Congress repealed, or failed to renew the act which provided for control over the nitrate industries of the country, it permitted the diversion of anhydrous ammonia from agriculture to chemicals, and that is the primary reason for the fertilizer shortage in the United States.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MAYBANK. In line with the remarks of the able Senator from Mississippi, I wish to ask him if he is familiar with the Missouri Ordnance Works at Louisiana, Mo.

Mr. EASTLAND. I know something about that plant.

Mr. MAYBANK. That plant, which is operated by the Army and the Bureau of Mines, has shifted entirely from the manufacture of nitrogen and fertilizer materials.

Mr. EASTLAND. I wish to say to the Senator that that is not the fact.

Mr. MAYBANK. The Bureau of Mines is conducting experimental work there.

Mr. EASTLAND. I can give the Senator from South Carolina the facts about that plant. Part of its equipment is used by the Bureau of Mines for experiments in the use of synthetic fuels.

Mr. MAYBANK. That is what I said.

Mr. EASTLAND. There are two trains, that is, the lines on which the product is manufactured, which have been declared surplus and are up for sale today. The company which operated that plant during the war has an option on those two trains. It is its purpose to move one to another section of the country. There are bidders for the other. By the way, Mr. President, the one that will be moved to another section of the country will not be used for agricultural production.

Mr. MAYBANK. That is what I said.

Mr. EASTLAND. That is about to be lost for such production. There is nothing in the amendment, as I understand, that would force the keeping of that equipment intact and preventing its sale.

Mr. MAYBANK. It possibly could be done.

Mr. RUSSELL. Mr. President, I have occupied the floor for about 20 minutes, but have spoken for about only 3 minutes, and if my colleagues will pardon me I wish to address myself for about 5 minutes to this proposition.

I ask first for a division of the question raised by the amendment. I ask for a division of the question. The amendment is in two parts. I am opposed to the first part of the amendment which, in line 9, page 2, would change the word "shall" to "may", because I think it would leave the whole matter in the discretion of the War Department and would not amount to anything at all. I am in favor of the remainder of the amendment.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. GURNEY. As I understand, even though we leave the word "shall" and do away with that part of my amendment, the question as to whether the word should be permissive or mandatory would still be subject to action in conference. Therefore I am perfectly willing to divide my amendment and, for the moment, eliminate the word "shall."

Mr. RUSSELL. If the Senator will withdraw the first part of his amendment, which consists, on page 2, line 9, of changing the word "shall" to "may" I think it will greatly expedite consideration of the bill.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. GURNEY. I wish to be sure that if we eliminate from my amendment the permissive language, the whole question will be in conference. I should like to ask the Senator if that question would still be in conference; or does the Senator think it would be mandatory on the conferees to leave the mandatory language in?

Mr. RUSSELL. Yes; I think it would be mandatory on the conferees to do so.

Mr. GURNEY. Let me say to the Senator, then, that the purpose of changing the language to permissive language, as

stated in the first part of my amendment—

Mr. RUSSELL. Mr. President, I wish to correct my statement. The amendment offered by the Senator from Vermont [Mr. FLANDERS] is a substitution of the Senate bill for the House bill, so the entire matter would be in conference.

Mr. GURNEY. Then, Mr. President, I withdraw the first part of my amendment.

The PRESIDENT pro tempore. The first part of the amendment of the Senator from South Dakota is withdrawn; and the request of the Senator from Georgia to divide the question is withdrawn.

Mr. RUSSELL. Mr. President, if Senators will indulge me for about 3 minutes, I should like to state my position on this question.

I am well aware of the fact that demands for fertilizer in Germany are great. I have heard testimony time and again before the Appropriations Committee to the effect that the shipment abroad of 1 ton of fertilizer saves the shipment of 8 tons of food. But nothing in that statement can possibly justify the dilatory and half-hearted tactics of the Army in attempting to approach this fertilizer problem.

In the first place, there were a number of nitrogenous manufacturing plants in Germany at the time of the occupation. We hear charges on all sides that many of those plants have been shipped to other countries by way of reparations, and that the ones which remain there have been operated at only about one-fourth of their capacity; and yet the Army comes to the American Congress and demands that we take fertilizer away from our farmers when, if it would only operate at full speed, and if it had pursued a wise policy in Germany from the beginning, there would be adequate capacity in Germany to produce all the nitrogenous fertilizers needed for all the occupied and unoccupied areas.

The situation with respect to nitrogen in this country is one of sheer desperation to the farmers. There are any number of small mixing plants in my State which are having to close down because we cannot secure any nitrogenous fertilizers whatever. The plants producing it sell it only in an area immediately around the plants. The Tennessee Valley Authority has been a great source of supply in the past, but the Tennessee Valley Authority has now adopted the policy of selling nitrogenous fertilizers only to farmers' cooperatives. I am in favor of farmers' cooperatives, but the farmers of my State, after several very sad experiences with farmers' cooperatives, do not take to them very kindly. Because we do not have farmers' cooperatives scattered across the State the farmers are being denied any nitrogenous fertilizers from TVA. It is an impossibility on the eastern seaboard, from the State of Maine to the State of Florida, to produce grains and many other crops without some nitrogen. I have never heard that statement challenged.

The Senator from Oregon [Mr. MORSE], with whose general philosophy I am in hearty accord, states that the respon-

sibility, if we adopt the language of this amendment, will be on the Army if there is a shortage of nitrogenous fertilizers. I cannot agree with that part of the Senator's statement. The Congress of the United States cannot escape its responsibility for letting the fertilizer situation in this country deteriorate to the extent it has deteriorated. Instead of the Army telling the Congress, the Congress should tell the Army in unmistakable terms what it must do to reimplement the plants which produce fertilizer and avoid the great loss being sustained by the farmers because they have been unable to secure it.

Mr. President, I am somewhat reassured by the statement of the Senator from Vermont [Mr. FLANDERS], who will be one of the conferees, and the statement of the Senator from Oregon, who I assume will also be one of the conferees, because he speaks of what should be done in conference, as well as the statement of my good friend, the Senator from South Carolina [Mr. MAYBANK], who will also presumably be one of the conferees. If there is any way in conference to tighten the arrangement and make the Army cease its policy of indifference and really pay some attention to the problem, I hope that appropriate language may be written into the bill.

The Army, of course, is a fighting organization. It does a good job as an Army. In view of the vast economic powers which it has exercised with respect to the occupied lands, it should have some idea of the effect of the policies which it has followed upon the civilian economy of the United States.

It is not merely a question of appropriating dollars. The Army has had completely adequate appropriations for all these purposes. In some respects I think perhaps it has had more than it could wisely spend. If the Congress is to continue to use the Army as the vehicle for the exercise of priorities and to distribute essential fertilizers, Congress has a responsibility which it should discharge, to see that the problem is handled in such manner as not to wipe out absolutely the profits of thousands of farmers in the United States.

Mr. GEORGE. Mr. President, will my colleague yield to me?

Mr. RUSSELL. I yield to my colleague.

Mr. GEORGE. From a reading of the amendment, I do not see that it offers the promise of production of a single ounce of nitrogen for the use of the farmer. As I construe it, it would enable the Army to produce more of the supplies which it proposes to send to the unoccupied areas.

Mr. RUSSELL. That is all it would do; but that would offer some hope, because the Army is now taking away from civilians for this purpose.

Mr. GEORGE. Oh, yes. Under this amendment it could still take away 50 percent.

Mr. RUSSELL. It might; but the elimination of the word "may," and the substitution of "shall" would bring about a situation under which I think the Army might be spurred into some produc-

tion. I am not hopeful that it will produce as it should, because that would show unusual regard for the civilian economy. But at least it would be compelled to produce a great deal more in order to obtain supplies to ship overseas.

Mr. GEORGE. I am very happy to know that the Army wants to do some thing for the farmer. It is taking away from the farmer all the time. I am glad that it does not want any more tank cars in which to ship nitrogen abroad, denying to our farmers and to others in my section of the country the use of tank cars in which to ship liquid nitrogen.

This whole question arose when we had under consideration the European Recovery Act. It is unmistakably clear that this country is producing only 90 percent of all the nitrates it now requires. Under the Recovery Act an additional 5 percent is to be sent into western European countries, some of it into the so-called occupied areas, unless the Army can make enough nitrate in some form to supply its own occupied areas.

I do not think there is any use in talking about helping the farmer by this amendment, except, as my colleague points out, perhaps in a very indirect way. That is, the Army will take less from the farmer if we give it this authority and power to supply its own needs. But it will not add anything in the direction of meeting the requirements of the American farmer.

I raised this question in connection with the European Recovery Act, and I received all sorts of assurances that we would get Chilean and other foreign nitrates. They have been very slow in coming. My colleague has pointed out that we have been unable to get sufficient nitrate in any form to operate our mixing or fertilizer plants; nor have we been able to supply to the land the quantities which are absolutely required if we are to have anything like full production.

I am skeptical about the Army doing anything for the farmer, whatever we may give the Army, because the process has worked the other way around. It has taken nitrate in every form, including liquid form. It took away from our own use the vehicles which were necessary to carry on our ordinary commerce and industry, and very nearly depleted all the operations in which we ought to have been engaged.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. RUSSELL. I shall be glad to yield the floor.

Mr. AIKEN. Mr. President, I am informed that the northeastern part of the country is now dependent largely upon anhydrous ammonia for its supply of nitrogen in fertilizers. I am also informed that imports of Chilean and Canadian nitrates have been reduced, until anhydrous ammonia is one of the principal sources, if not the principal source, of supply for our fertilizer material.

This bill proposes to allocate anhydrous ammonia, as well as other nitrogenous materials. That means that those areas of the country which have been dependent upon anhydrous am-

monia will now be called upon to share it with other sections of the country.

It seems to me that what has been brought out here this afternoon should be carefully considered. The Senator from Mississippi [Mr. EASTLAND] gave the Senate information which I had been given, but which I had not had time to check, and therefore did not use, namely, that the corporations he has mentioned have been outbidding the fertilizer manufacturers for the anhydrous ammonia, and have been reducing still further an already short supply, whereas substitutes for anhydrous ammonia could have been used in the manufacture of the products for which those corporations used anhydrous ammonia.

Therefore, it seems to me we certainly should not say to them, "You can allocate anhydrous ammonia for the manufacture of fertilizers," and leave them a clear field to continue to outbid the fertilizer manufacturers, and not permit anhydrous ammonia to be used for other purposes.

I wish such a provision could be written into the bill, if it is not already in it. My colleague says he cannot find it, and I cannot find it. If the authority is not already contained in the bill, I wish it could be placed in the bill, so as to permit anhydrous ammonia to be allocated for all purposes for which it might be used, and not merely for the manufacture of fertilizer.

This bill is so full of references to other bills that I do not know where the amendment should be placed in it. But I think it should be included.

Mr. TAFT. It is perfectly clear in my mind, Mr. President, that this measure permits the allocation of anhydrous ammonia for the manufacture of fertilizer, and permits anhydrous ammonia to be taken away from other uses. If that is done—in other words, if it is taken away from the use for other purposes—then how there can be allocations to other persons for uses not required in connection with fertilizer, I do not know.

This measure would permit anhydrous ammonia to be used for the manufacture of fertilizer alone; and if that is desired—

Mr. FLANDERS. Where is such a provision to be found?

Mr. TAFT. This measure says that this provision is subject to all the powers of the Second War Powers Act, namely, import control, allocation, and export control of nitrogenous compounds, including anhydrous ammonia, in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export.

Mr. FLANDERS. That is the part which it seems to me negates the point the Senator from Ohio is making. Do not the words "required for such export" limit everything which precedes?

Mr. TAFT. The Senator thinks, then, that the fertilizer material producers will want it used for domestic manufacture?

Mr. FLANDERS. Yes; that is the way I read it.

Mr. TAFT. That might be so. We could strike out the words "required for such export."

Mr. FLANDERS. Yes; I think that would take care of it.

Mr. TAFT. I suggest that as an amendment.

Mr. FLANDERS. I shall be glad to accept that amendment, if it is in order to accept one amendment while another one is under consideration.

The PRESIDENT pro tempore. Is the amendment now being referred to the one submitted by the Senator from South Dakota?

Mr. FLANDERS. It is the amendment I have submitted which provides for substituting the text of the Senate bill for the House bill.

The PRESIDENT pro tempore. The Senator from Vermont can modify his own amendment in any way he sees fit, of course.

Mr. WHERRY. Mr. President, if the Senator will yield, I suggest to him that he ask that his amendment be considered as modified or amended by striking out the words "required for such export" on page 2.

Mr. FLANDERS. I ask that that change be made in the amendment.

The PRESIDENT pro tempore. Without objection, the change will be made.

The question is on agreeing to the amendment submitted by the Senator from South Dakota to the amendment of the Senator from Vermont.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment in the nature of a substitute submitted by the Senator from Vermont, as amended.

Mr. MAYBANK. Mr. President, I should like to call the attention of the distinguished Senator from Vermont to the fact that it is my understanding, as I believe it is the understanding of the Senator from Vermont, that the House conferees will be away tomorrow, and that many of us will be away tomorrow, and possibly on Monday, for Memorial Day exercises. In view of that fact and since the present law will expire before the conferees can meet, I wish to ask the Senator from Vermont if he thinks we can work out some sort of conference next week, so that the employees who have been engaged in this work for years and years, and who know the fertilizer situation, may feel sure that we shall take such action next week.

Mr. FLANDERS. I assume that the Senator from South Carolina is not asking that something to that effect go into the amendment.

Mr. MAYBANK. No; not at all.

Mr. FLANDERS. But I assume that the Senator merely suggests that we commit ourselves insofar as possible at this time.

Mr. MAYBANK. Yes.

Mr. FLANDERS. That is entirely agreeable.

The PRESIDENT pro tempore. The question is on agreeing to the amendment, in the nature of a substitute, as amended, offered by the Senator from Vermont [Mr. FLANDERS].

The amendment as amended was agreed to.

Mr. TAFT. Mr. President, merely for the record, I wish to state my own op-

position to the continuation of import controls. I shall not offer any amendments along that line, because both the House committee and the Senate committee have approved this measure. But I think the time has passed for the imposition of import controls on tin and tin products and antimony and fats and oils, including oil-bearing materials, and fatty acids, butter, soap and soap powder, rice and rice products. I myself feel very strongly that such controls are unnecessary and that in the long run our buyers ought not to be limited as to the way in which they purchase goods abroad. I see no necessity for it.

Most of the steel companies think it is desirable to continue the controls on the import of tin in order that the United States Government may buy all the tin. I myself think that if we pursued the course which we pursued in the case of rubber—by which we released all the buyers, enabling them in that case to purchase rubber—the result would be the purchase of more tin and lower prices for tin. However, I shall not object at the present time.

I see the necessity for the continuation of some allocation controls. Of course, so far as export controls are concerned, they are covered by another bill.

But I wish to state my opposition to the continuation of import controls.

The PRESIDENT pro tempore. If there be no further amendments to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

Mr. LANGER. Mr. President, I should like to ask a question of the Senator from Ohio. Does the Senator include mercury?

Mr. TAFT. Mercury is not included in this bill.

Mr. LANGER. I refer to the statement the Senator from Ohio has just made about being opposed to the control of imports.

Mr. TAFT. In general I would be, unless there is some very extraordinary situation.

The PRESIDENT pro tempore. If there be no further amendments to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6659) was read the third time and passed.

Mr. FLANDERS. I rise now to make a motion which is a little different from the ordinary motion in such case: Mr. President, in view of the nature of the discussion which has been had on the floor of the Senate regarding this matter, I move that the Senate insist upon its amendment, as interpreted by the discussion on the floor of the Senate in the course of the debate on the bill, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. FLANDERS, Mr. BUCK, and Mr. MAYBANK conferees on the part of the Senate.

The PRESIDENT pro tempore. Without objection, Senate bill 2746 will be indefinitely postponed.

WATER-FILTRATION PLANT AT HIGHLAND FALLS, N. Y. — CONFERENCE REPORT

Mr. GURNEY. Mr. President, I submit a conference report on House bill 2359, relating to the construction of a water-filtration plant at Highland Falls, N. Y., and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The conference report will be read:

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2359) to authorize the payment of a lump sum, in the amount of \$100,000, to the village of Highland Falls, N. Y., as a contribution toward the cost of construction of a water-filtration plant, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "\$85,000"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows: In lieu of the amended title proposed by the Senate, amend the title so as to read: "An act to authorize the payment of a lump sum, in the amount of \$85,000, to the village of Highland Falls, N. Y., as a contribution toward the cost of construction of a water-filtration plant, and for other purposes."; and the Senate agree to the same.

CHAN GURNEY,
RAYMOND E. BALDWIN,
BURNET R. MAYBANK,

Managers on the Part of the Senate.

GEORGE J. BATES,
L. C. ARENDS,
W. STERLING COLE,
LANSDALE G. SASSCER,

Managers on the Part of the House.

The PRESIDENT pro tempore. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

CONSTRUCTION OF MILITARY INSTALLATIONS BY ARMY—CONFERENCE REPORT

Mr. GURNEY. Mr. President, I submit a conference report on Senate bill 1676, to authorize the Secretary of War to proceed with construction of military installations, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The conference report will be read.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1676) to authorize the Secretary of War to proceed with construction at military installations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the

text of the bill and agree to the same with an amendment as follows: On page 15 of the House engrossed amendments, lines 4 and 5, strike out "family quarters so constructed" and insert in lieu thereof the following: "in any case in which the construction at any station of family quarters having a net floor area in excess of one thousand and eighty square feet is prohibited by the provisions of the foregoing proviso, an equal number of family quarters having a net floor area not in excess of one thousand and eighty square feet may be constructed at such station and any funds saved as a result of the construction of such smaller family quarters or as a result of the succeeding proviso may be utilized to construct family quarters having a net floor area not in excess of one thousand and eighty square feet at any Army or Air Force station scheduled for retention in the permanent Military Establishment: *Provided further*, That family quarters constructed with the funds authorized for appropriation herein"; and the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

CHAN GURNEY,
LEVERETT SALTONSTALL,
WAYNE MORSE,
MILLARD E. TYDINGS,
RICHARD B. RUSSELL,

Managers on the Part of the Senate.

GEORGE J. BATES,
LESLIE C. ARENDS,
W. STERLING COLE,
OVERTON BROOKS,
LANSDALE G. SASSCER,

Managers on the Part of the House.

Mr. GURNEY. Mr. President, in reference to the conference report on Senate bill 1676, I should like to make a brief explanation before it is acted upon.

I did not give an explanation of the previous conference report for it had to do with a very small measure and the differences between the House and Senate were very slight and were settled satisfactorily.

This conference report deals with certain very large construction projects. The bill as passed by the Senate, last July contained construction authorizations totaling \$247,000,000. The House has considered the bill very carefully during the past 5 months and has recommended an actual reduction of \$39,000,000. Furthermore, the House recommended that the size of the family quarters authorized at military installations be smaller than 1,250 square feet of floor space, as authorized in the Senate bill. Therefore, because only the smaller houses were authorized, there was a further reduction in the House bill of \$13,000,000, making a total of \$52,000,000 less than the Senate bill.

In conference, due to the fact that there is such a shortage of family quarters at military installations all over the country, it was thought best that, instead of making a reduction of \$13,000,000 by reason of the requirements of smaller-sized houses, the houses should be allowed to be built by the Army and the Air Force, and at other installations where needed. Therefore, the conference finally agreed on housing limited to 1,080 square feet of floor space for families quarters, and a total reduction in the Senate bill of \$39,000,000, in round figures.

Mr. President, I ask that the Senate agree to the conference report.

The PRESIDENT pro tempore. Is there objection to the present consideration of the report?

There being no objection, the conference report was considered and agreed to.

PAYMENT OF SALARIES COVERING PERIODS OF SEPARATION FROM GOVERNMENT SERVICE—CONFERENCE REPORT

Mr. LANGER. Mr. President, I submit a conference report on Senate bill 1486, to provide for payment of salaries covering periods of separation from the Government service in the case of persons improperly removed from such service, and I ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The conference report will be read.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1486) to provide for payment of salaries covering periods of separation from the Government service in the case of persons improperly removed from such service, having met, after full and free conference, have agreed to recommend and do recommend to their respective House as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 6 of the Act of August 24, 1912 (U. S. C., 1946 edition, title 5, sec. 652), is hereby amended to read as follows:

"Sec. 6. (a) No person in the classified civil service of the United States shall be removed or suspended without pay therefrom except for such cause as will promote the efficiency of such service and for reasons given in writing. Any person whose removal or suspension without pay is sought shall (1) have notice of the same and of any charges preferred against him; (2) be furnished with a copy of such charges; (3) be allowed a reasonable time for filing a written answer to such charges, with affidavits; and (4) be furnished at the earliest practicable date with a written decision on such answer. No examination of witnesses nor any trial or hearing shall be required except in the discretion of the officer or employee directing the removal or suspension without pay. Copies of the charges, the notice of hearing, the answer, the reasons for removal or suspension without pay, and the order of removal or suspension without pay shall be made a part of the records of the proper department or agency, as shall also the reasons for education in grade or compensation; and copies of the same shall be furnished, upon request, to the person affected and to the Civil Service Commission. This subsection shall apply to a person within the purview or section 14 of the Veterans' Preference Act of 1944, as amended, only if he so elects.

"(b) (1) Any person removed or suspended without pay under subsection (a) who, after filing a written answer to the charges as provided under such subsection or after any further appeal to proper authority after receipt of an adverse decision on the answer, is reinstated or restored to duty on the ground that such removal or suspension was unjustified or unwarranted, shall be paid compensation at the rate received on the date of such removal or suspension, for the period for which he received no compensation with respect to the

80TH CONGRESS
2D SESSION

H. R. 6659

IN THE SENATE OF THE UNITED STATES

MAY 27 (legislative day, MAY 20), 1948

Read twice and ordered to be placed on the calendar

MAY 28 (legislative day, MAY 20), 1948

Considered, amended, read the third time, and passed

AN ACT

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That subsection ~~(b)~~ of section 1501 of the Second War
4 Powers Act, 1942, as amended by the Second Decontrol
5 Act of 1947 ~~(Public Law 188, Eightieth Congress)~~, and
6 as further amended by the Act of February 28, 1948 ~~(Public~~
7 ~~Law 427, Eightieth Congress)~~, is hereby amended by strik-
8 ing out "May 31, 1948" and inserting in lieu thereof "Feb-
9 ruary 28, 1949". Subsection ~~(b)~~ ~~(1)~~ ~~(C)~~ of such section
10 1501 is hereby repealed. Subsection ~~(b)~~ ~~(1)~~ ~~(E)~~ of such
11 section 1501 is hereby amended by inserting before the semi-

1 colon at the end thereof a comma and the following: "and
 2 nitrogenous compounds (including anhydrous ammonia),
 3 in any form, necessary for the manufacture and delivery of
 4 the nitrogenous fertilizer materials required for such export:
 5 *Provided, however,* That 50 per centum of the export re-
 6 quirements of nitrogenous fertilizer materials to nonoccupied
 7 areas shall be supplied out of nitrogenous fertilizer materials
 8 produced in plants operated by the Department of the Army,
 9 and notwithstanding any other provision of law the Depart-
 10 ment of the Army is authorized to produce such nitrogenous
 11 fertilizer materials to fill such 50 per centum of such export
 12 requirements". Subsection (c) of such section 1501 is
 13 hereby amended by striking out "May 31, 1948" and in-
 14 serting in lieu thereof "February 28, 1949".

15 SEC. 2. Subsection (b) of section 3 of the Act entitled
 16 "An Act to aid in the stabilization of commodity prices,
 17 to aid in further stabilizing the economy of the United States,
 18 and for other purposes", approved December 30, 1947, is
 19 hereby repealed.

20 That subsection (b) of section 1501 of the Second War
 21 Powers Act, 1942, as amended by the Second Decontrol
 22 Act of 1947 (Public Law 188, Eightieth Congress), and
 23 as further amended by the Act of February 28, 1948 (Public
 24 Law 427, Eightieth Congress), is hereby amended by strik-
 25 ing out "May 31, 1948" and inserting in lieu thereof "June

1 30, 1949". Subsection (b) (1) (C) of such section 1501 is
2 hereby amended by striking out “, quinine,”. Subsection
3 (b) (1) (E) of such section 1501 is hereby amended by
4 inserting before the semicolon at the end thereof a comma
5 and the following: “and nitrogenous compounds (including
6 anhydrous ammonia), in any form, necessary for the manu-
7 facture and delivery of nitrogenous fertilizer materials:
8 *Provided, however,* That 50 per centum of the export re-
9 quirements of nitrogenous fertilizer materials to nonoccupied
10 areas shall be supplied out of nitrogenous fertilizer materials
11 produced in plants operated by the Department of the Army,
12 and notwithstanding any other provision of law the Depart-
13 ment of the Army is authorized to produce such nitrogenous
14 fertilizer materials to fill such 50 per centum of such export
15 requirements. There is hereby authorized to be expended
16 such presently available funds and to be appropriated such
17 additional funds, not otherwise appropriated, as may be neces-
18 sary to enable the Department of the Army to increase the
19 production of anhydrous ammonia plants presently in opera-
20 tion and to place in operation such necessary additional facili-
21 ties as may be obtainable in order to produce such 50 per
22 centum of the export requirement of the United States of
23 nitrogenous fertilizer materials to nonoccupied areas: *And*
24 *provided further,* That the Department of the Army’s partici-
25 pation in the export program to these nonoccupied areas may

1 be limited to an amount equal to the additional production
2 so made available." Subsection (c) of such section 1501 is
3 hereby amended by striking out "May 31, 1948" and in-
4 serting in lieu thereof "June 30, 1949".

Passed the House of Representatives May 26, 1948.

Attest:

JOHN ANDREWS,

Clerk.

80TH CONGRESS
2^D Session

H. R. 6659

AN ACT

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

MAY 27 (legislative day, May 20), 1948

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S. 2754, to reorganize and simplify the procurement, utilization, and disposal of Government property (pp. 6961-2, 6970).

H. Con. Res. 197, to continue the Joint Committee on Housing beyond Mar. 31, 1948 (p. 6969).

HOUSE

14. EMERGENCY POWERS. Reps. Wolcott, Gamble, Smith (Ohio), Kunkel, Spence, Brown (Ga.), and Patman were appointed conferees on H.R. 6659, to continue until Feb. 28, 1949, certain allocation and export-import controls (p. 7009). Senate conferees appointed May 28.
15. PRICE SUPPORT; SOIL CONSERVATION. Rep. Pace, Ga., urged extension of the price-support program beyond Dec. 31, 1948, as provided in H.R. 6248, continuation of the Commodity Credit Corporation, and extension of the Soil Conservation and Domestic Allotment Act (pp. 7019-20).
16. TREASURY-POST OFFICE SUPPLEMENTAL APPROPRIATION BILL, 1949. Passed as reported this bill, H.R. 6758 (pp. 7018-23). The bill was reported earlier in the day (H.Rept. 2089) (pp. 6996, 7032); and provides funds for Internal Revenue Bureau and certain other agencies for which no provision was made in the regular bill.
17. PUBLIC WORKS; SOIL CONSERVATION. The Agriculture Committee reported without amendment H.R. 5418, to authorize appropriations of \$750,000 for the reconstruction of a land-utilization-project dam on Wolf Creek, Tex., and \$400,000 for the repair of a similar dam, the Rita Blanca Dam, Dalhart, Tex. (H.Rept. 2099) (p. 7032).
18. LEND-LEASE. Received from the President a supplemental appropriation estimate of \$292,000, fiscal year 1949, for liquidation of the lend-lease program (H. Doc. 685) (p. 7032).
19. HOUSING. Reps. Javits (N.Y.) and Blatnik (Minn.) urged passage of the TEW housing bill (pp. 6998, 6999-7000).
20. FLOOD CONTROL. Rep. Bradley, Calif., urged construction of a flood-control dam on the San Gabriel River, Calif. (p. 6999).
Rep. Mack, Wash., urged adequate appropriations to provide an adequate system of flood control along the Columbia River, in view of the recent disaster at Van Port, Ore. (pp. 7000-1).
21. SOCIAL SECURITY. The "Daily Digest" states that the Ways and Means Committee unanimously approved a report of the Subcommittee on Social Security which proposes to "add approximately 3,500,000 persons to the social-security program under provisions of the bill which would permit employees of States and local governments to join in the old-age-insurance plan, if the local governments approve; and permit participation by employees of certain nonprofit organizations now excluded, if their organizations choose. No provisions were made for a general increase in benefits, nor does it provide for any raise in the social-security taxes prior to an automatic increase in 1950" (p. D570).

BILLS INTRODUCED

22. GOVERNMENT CAFETERIAS. S. 2779, by Sen. Baldwin, Conn., to create a Government Corporation to operate cafeterias and conduct certain other activities in Government buildings and on Government property. To Post Office and Civil Service Committee. (p. 6930.) Remarks of author (p. 6931).

23. FLOOD CONTROL. H.R. 6761, by Rep. Gavin, Pa., to authorize the construction of flood-control works in the Allegheny River Basin at Warren, Youngsville, Sheffield, and Oil City, Pa. To Public Works Committee. (p. 7034.)
24. WILDLIFE. H.R. 6762, by Rep. Welch, Calif., "to amend the Alaska game law." To Public Lands Committee. (p. 7034.)
25. RECLAMATION. H.R. 6763, by Rep. Welch, Calif., to consolidate the Parker Dam power project and the Davis Dam project. To Public Lands Committee. (p. 7034.)

ITEMS IN APPENDIX

26. SOIL CONSERVATION. Rep. Gathings, Ark., inserted a Crittendon County (Ark.) Times editorial, "Keep Building the Soil" (p. A3616).
27. ELECTRIFICATION. Rep. Douglas, Calif., inserted C.J. Haggerty's (Calif. State Federation of Labor) address and the Central Valley project conference statement of principles on power shortages in Calif. (pp. A3604-6, A3607-8).
28. FARM LABOR; DISPLACED PERSONS. Rep. Multer, N.Y., inserted a N.Y. Herald Tribune article reporting Gov. Dewey's (N.Y.) reactions to entry of displaced persons and need for agricultural workers (pp. A3622-3).
29. FLOOD CONTROL. Rep. Fernandez, N.Mex., inserted an Albuquerque Journal editorial, "Must Have Flood Control" (p. A3599).
30. HOUSING. Rep. Blatnik, Minn., inserted a Washington Post editorial and Rep. McCormack, Mass., inserted a National Legionnaire item favoring the TEW housing bill (pp. A3587-8, A3612-3).
31. FEDERAL AID; EDUCATION. Extension of remarks of Rep. Wheeler, Ga., favoring Federal aid for education and including an Atlanta Constitution editorial on the subject (pp. A3585-6).
32. FOREIGN RELIEF. Extension of remarks of Rep. Keating, N.Y., urging action on his bill to reduce postage rates on relief packages and including Dorothy Thompson's newspaper article on the subject (pp. A3592-3).
33. FOREIGN TRADE. Various remarks and insertions on extension of the Trade Agreements Act (pp. A3609-10, A3614-5, A3627).

BILLS APPROVED BY THE PRESIDENT

34. BUILDINGS AND GROUNDS. H.R. 3219 authorizes the Federal Works Agency to appoint special policemen for duty upon Federal property under the jurisdiction of the FWA. Approved June 1. (Public Law 566, 80th Cong.).
35. ELECTRIFICATION. S. 1305 amends the Federal Power Act so as to provide that the States may apply for reservation of portions of power sites released for entry, location, or selection to the States for highway purposes. Approved May 28 (Public Law 559, 80th Cong.).
36. GRAZING LANDS. S. 1874 authorizes the head of the department or agency using the public domain for national defense purposes to compensate holders of grazing permits and licenses for losses sustained by reason of such use of public lands for national defense purposes. Approved May 28 (Public Law 561, 80th Cong.).

The SPEAKER. Is there objection to the request of the gentleman from Delaware?

There was no objection.

GEORGE H. WHIKE CONSTRUCTION CO.

The Clerk called the bill (H. R. 1902) for the relief of George H. Whike Construction Co.

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

GLADYS JANOW ET AL.

The Clerk called the bill (H. R. 2431) conferring jurisdiction upon the United States District Court for the western district of Oklahoma to hear, determine, and render judgment upon the claim of Gladys Janow, the widow of David Jefferson Janow, for herself and seven minor children, namely, Vernon Janow, James Jefferson Janow, Virginia Janow, Hazel Janow, William Janow, Patsy Janow, and Jefferson Janow, said claim growing out of the death of said David Jefferson Janow, who was killed on or about the 25th day of January 1944 while working at the Enid Army Air Field at Enid, Okla., when he was struck by a United States Army airplane being driven by Army student pilots at said Army air-field base.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. POTTS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

HAWAIIAN DREDGING CO., LTD.

The Clerk called the bill (H. R. 6186) for reimbursement of the Hawaiian Dredging Co., Ltd.

Mr. BOGGS of Delaware. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Delaware?

There was no objection.

LUTHER BROS. CONSTRUCTION CO.

The Clerk called the bill (H. R. 6428) to reimburse the Luther Bros. Construction Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Luther Bros. Construction Co., of Fort Worth, Tex., in full settlement of all claims under contract No. 12r-15757, providing for the construction of earthworks and structures on the W. C. Austin project of the Bureau of Reclamation, Department of the Interior, in Oklahoma, such sum, not in excess of \$285,191.49, as the Secretary of the Interior or his authorized representative may find is required to reimburse the Luther Bros. Construction Co. for losses, exclusive of profit, incurred by the company as a result of the failure of the United States to furnish steel reinforcement bars as required under paragraphs 23 and 77

of specifications No. 1133: *Provided, That* no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$25,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. SMITH of Wisconsin. Mr. Speaker, in view of the fact that the committee has not had the reports, I ask unanimous consent to dispense with further call of the calendar at this time.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SECOND DECONTROL ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, with Senate amendments, disagree to the amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT]?

Mr. RAYBURN. Mr. Speaker, reserving the right to object, I assume the gentleman has taken this up with the minority member of the committee.

Mr. WOLCOTT. I did this morning in respect to a conference to be held this afternoon, so he knows I am going to ask to send this bill to conference.

Mr. RAYBURN. I have no objection, Mr. Speaker.

The SPEAKER. Is there objection? The Chair hears none, and appoints the following conferees: Mr. WOLCOTT, Mr. GAMBLE, Mr. SMITH of Ohio, Mr. KUNKEL, Mr. SPENCE, Mr. BROWN of Georgia, and Mr. PATMAN.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND THE JUDICIARY APPROPRIATION BILL, 1949

Mr. STEFAN. Mr. Speaker, I call up the conference report on the bill (H. R. 5607) making appropriations for the Departments of State, Justice, Commerce, and the Judiciary for the fiscal year ending June 30, 1949, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. STEFAN]?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House May 28, 1948.)

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

CALL OF THE HOUSE

Mr. RAYBURN. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Obviously there is no quorum present.

Mr. STEFAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 85]

Abbott	Hall,	Owens
Anderson, Calif.	Leonard W.	Pfeifer
Barden	Hardy	Philbin
Bates, Ky.	Harrison	Phillips, Tenn.
Blatnik	Hart	Plumley
Bloom	Hartley	Powell
Bonner	Havener	Redden
Buckley	Heffernan	Riehlman
Bulwinkle	Herter	Riley
Butler	Hollifield	Robertson
Byrne, N. Y.	Isacson	Rooney
Cannon	Jenison	Sadlak
Case, S. Dak.	Jenkins, Pa.	Sasser
Chapman	Johnson, Ill.	Scoblick
Chelf	Johnson, Okla.	Sheppard
Chiperfield	Johnson, Tex.	Short
Clark	Jones, N. C.	Sikes
Clason	Kearney	Simpson, Ill.
Clippinger	Kearns	Simpson, Pa.
Combs	Kee	Smith, Maine
Corbett	Kennedy	Smith, Ohio
Dawson, Ill.	Kerr	Somers
Delaney	King	Stanley
Dirksen	Kirwan	Stigler
Dolliver	Klein	Thomas, N. J.
Dorn	Lane	Tibbott
Durham	Lanham	Tollefson
Eaton	Lesinski	Towe
Elliott	Ludlow	Twyman
Engle, Calif.	Lusk	Vall
Fernandez	Lynch	Van Zandt
Folger	Macy	Weichel
Fuller	Meade, Ky.	West
Gallagher	Meade, Md.	Whitaker
Goodwin	Miller, Calif.	Williams
Gwinn, N. Y.	Morton	
Gwynne, Iowa	Mundt	
Hale	Nodar	
Hall,	O'Konski	
Edwin Arthur	O'Toole	

The SPEAKER. On this roll call, 317 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HARRIET TOWNSEND BOTTOMLEY

Mr. CASE of New Jersey submitted the following conference report and statement on the bill H. R. 2389, an act for the relief of Harriet Townsend Bottomley:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2389) for the relief of Harriet Townsend Bottomley, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the figures "2,335", insert the figures "\$6,500", and the Senate agree to the same.

JOHN JENNINGS, JR.,
CLIFFORD P. CASE,
MICHAEL A. FEIGHAN,
Managers on the Part of the House.
H. M. KILGORE,
E. H. MOORE,
JOHN SHERMAN COOPER,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF
THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2389) for the relief of Harriet Townsend Bottomley, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The bill as passed the House appropriated the sum of \$7,790 to Harriet Townsend Bottomley, for property damage sustained as a result of an accident involving a United States Navy plane, on May 28, 1944, at Old Brookville (Glen Head post office), Nassau County, N. Y.

The Senate reduced the amount to \$2,335, and at the conference, a compromise of \$6,500 was agreed upon.

JOHN JENNINGS, Jr.,

CLIFFORD P. CASE,

MICHAEL A. FEIGHAN,

Managers on the Part of the House.

EXTENSION OF REMARKS

Mr. SCHWABE of Oklahoma asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter in each.

Mr. JENKINS of Ohio asked and was given permission to extend his remarks in the RECORD and include an address by Spruille Braden.

Mr. LEA asked and was given permission to extend his remarks in the RECORD at this point.

WORLD ASSEMBLY FOR IDEOLOGICAL
PREPAREDNESS IN CALIFORNIA

Mr. LEA. Mr. Speaker, tomorrow marks the opening of an assembly which will be an important international conference. It is to be the world assembly for ideological preparedness which opens Wednesday and Thursday in the Hollywood Bowl in California and continues June 7 to 14 at the Mission Inn in Riverside. The assembly is to be held in connection with the tenth anniversary of moral rearmament.

Nearly a hundred distinguished visitors from overseas are expected for this conference, over half of whom have already arrived in this country. A good many of them are members of parliament in their own nations and more than a few are of cabinet rank. Eighty-two of our own Members of Congress from both houses and both parties joined in inviting them. We did so by cable to leaders of government, industry, and education in 24 countries.

A chartered plane with our friends from overseas arrived in New York Sunday and proceeded to Los Angeles yesterday. Among those on this plane were Knud Kristensen, recently Prime Minister of Denmark and now leader of the opposition in Parliament; Mme. Eugenie Eboue, member of the French Senate from Guadeloupe and widow of the former governor general of French Equatorial Africa; Dr. Michael Horlacher, of Germany, president of the Bavarian Parliament; Prof. Wilhelm Hoegner, former Prime Minister of Bavaria.

Also Lord Hardinge of Penshurst, Great Britain, former private secretary to King George VI, and Lady Hardinge; Fred Copeman, of Great Britain, president of the Central Lewisham Labor Party and Trade Council, a former Com-

munist and member of the Comintern and commander of the Fifteenth International Brigade in the Spanish Civil War; Fausto Pecorari, former Vice President of the Italian Constituent Assembly; and Admiral Yngve Ekstrand, of Sweden, commander of the Baltic naval district.

Others who have come to our shores especially for this event include Sir Charles Mander of Wolverhampton, England, former president of Rotary International for England and Conservative Member of Parliament; General Pierre de Benouville, French Resistance leader during the war and present aide to General de Gaulle; Panayotis Kanellopoulos, former Prime Minister of Greece; and a group of British coal miners. A delegation of nine Japanese are arriving on the West Coast today, reported to be the largest group of Japanese to leave their country since the end of the war. The same can be said of the nine members of the German delegation. These groups have both come to the United States with the special permission of General Clay and General MacArthur.

It is also gratifying to report that at least one of our own Representatives will be personally in attendance to reflect the interest and good will of many of our Members. He is our honored friend, the gentleman from Illinois, ANTON J. JOHNSON.

No one, of course, has authority to speak for this House, but I am sure we all join in appreciation of the visit of these distinguished persons. They come to our shores animated by good will, a cooperative spirit and purpose to contribute to peace and understanding among men and nations.

They come in the hope of usefully contributing to the building of a better world. The accomplishment of that world is dependent upon our better understanding and cooperation among the nations. Acting together we will succeed.

EXTENSION OF REMARKS

Mr. HARNESS of Indiana asked and was given permission to extend his remarks in the RECORD and include an address by one of his constituents.

Mr. KELLEY asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. FEIGHAN asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an article.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND THE JUDICIARY APPROPRIATION BILL, 1949

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 34: On page 49, line 14, insert the following:

"Technical and scientific services: For necessary expenses in the performance of activities and services relating to the collection, compilation, and dissemination of technological information as an aid to business in the development of foreign and domestic

commerce, including personal services in the District of Columbia; not to exceed \$10,000 for services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), and not to exceed \$20,000 for printing and binding, \$200,000, of which \$8,000 shall be transferred to the appropriation "Salaries and expenses" under the Office of the Secretary: *Provided*, That the Secretary is authorized, upon request of any public or private organization or individual, to reproduce by appropriate process, independently or through any other agency of the Government, any scientific or technical report, document, or descriptive material, foreign or domestic, which has been released for public dissemination, and to sell such reproductions at a price not less than the estimated total cost of reproducing and disseminating same as may be determined by the Secretary, the moneys received from such sale to be deposited in a special account in the Treasury, such account to be available for reimbursing any appropriation which may have borne the expense of such reproduction and dissemination and making refunds to organizations and individuals when entitled thereto."

Mr. STEFAN. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate, No. 34, and concur in the same.

The SPEAKER. The question is on the motion of the gentleman from Nebraska [Mr. STEFAN].

The motion was agreed to.

EXTENSION OF REMARKS

Mr. MCGORMACK asked and was granted permission to extend his remarks in the RECORD in two instances.

STATE, JUSTICE, COMMERCE DEPARTMENTS, AND THE JUDICIARY APPROPRIATION BILL

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 39: Page 55, line 5, strike out "\$10,099,000" and insert "\$10,211,660."

Mr. STEFAN. Mr. Speaker, I move that the House insist on its disagreement to the amendment of the Senate numbered 39.

The SPEAKER. The question is on the motion of the gentleman from Nebraska.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. STEFAN. Mr. Speaker, amendments Nos. 40, 41, and 42 have to do with the Federal-aid airport program, in which the controversial item of Dallas and Fort Worth is contained. I ask unanimous consent that all three of those amendments may be considered en bloc.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The SPEAKER. The Clerk will report the amendments.

The Clerk read as follows:

Amendment No. 40: Page 57, line 16, strike out "\$34,392,000" and insert "\$37,000,000."

Amendment No. 41: Page 57, line 17, strike out "\$33,892,000" and insert "\$36,500,000."

Amendment No. 42: Page 58, line 8, after the word "appropriation", strike out the remainder of the line and all of lines 9, 10, and 11.

Mr. STEFAN. Mr. Speaker, I move that the House recede from its disagreement to the amendments of the Senate

disposal of surplus agricultural commodities, surplus food processed therefrom, and surplus cotton and woolen goods; requires that such policies be formulated to prevent surplus agricultural commodities or food products from being dumped on the market. Requires FWA to transfer to this Department without charge any such commodities when the Secretary determines it necessary in connection with price supports, etc.

Continues in the State Department the disposal of foreign excess property but requires that sales of agricultural commodities, food, or cotton or woolen goods must include a condition prohibiting importation into the U.S. unless the Secretary of Agriculture determines that such property is in short supply in this country.

Exempts various programs from operations under the bill, including price supports, grants to farmers, foreign aid, the school-lunch program, and stock-piling or critical materials. Makes the bill effective July 1, 1948.

14. UNRRA REPORT. Received from the President the 12th quarterly report of the operations of UNRRA for the period Apr. 1 to June 30, 1947 (H.Doc. 686) (pp. 7039, 7075).
15. POULTRY STAMP. Passed without amendment H.J.Res. 246, to authorize issuance of a commemorative stamp for the poultry industry (p. 7078).
16. LEGISLATIVE PROGRAM. The Daily Digest notes the following program: Thurs., S. 2655, Selective Service and Training Act; H.J.Res. 296, social-security status quo bill; and the legislative (H.R. 6500), Federal Security supplemental (H.R. 6355), and D.C. (H.R. 6430) appropriation bills (p. D576).

HOUSE

17. PENALTY MAIL. The Post Office and Civil Service Committee reported with amendment H.R. 6406, to provide procedures for the control of the use of penalty mail by Government departments and agencies (H.Rept. 2151) (p. 7072).
18. SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT. The Agriculture Committee reported with amendments H.R. 5154, to continue Federal administration of ACP (H.Rept. 2150) (pp. 7072-3).
19. INTERNATIONAL WHEAT AGREEMENT. Received from this Department a proposed bill to give effect to the international wheat agreement entered into by the U.S. and other countries, relating to the stabilization of supplies and prices in the international wheat market; to Banking and Currency Committee (p. 7072).
20. GOLDEN NEMATODE. The Agriculture Committee ordered reported (but did not actually report) S. 2137, to provide for the protection of potato and tomato production from the golden nematode (p. D579).
21. EMERGENCY POWERS. Received the conference report on H.R. 6659 (pp. 7068-9). As reported by the conferees the bill extends until June 30, 1949 certain allocation controls over tin, tin products, and antimony; import controls over fats and oils, rice and its products, nitrogen fertilizer, and pig tin; export priority controls over nitrogenous fertilizer materials and nitrogenous compounds; and export priority controls over other materials under certain conditions where the prompt export of such materials is in the national interest; and continues authority for allocation of transportation facilities from Feb. 28, 1949 to June 30, 1949. The bill also provides that 50% of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials produced by plants operated by the Army, and authorizes the Army to produce sufficient nitrogenous fertilizer

materials to fill 50% of the export requirements. The bill would become effective May 31, 1948.

22. MILITARY FUNCTIONS APPROPRIATION BILL, 1949. Passed without amendment this bill, H.R. 6771 (pp. 7039-51). The Appropriations Committee reported the bill earlier in the day (H.Rept. 2135) (pp. 7036, 7072). The bill prohibits use of appropriations contained therein for the purchase of oleomargarine or butter substitutes for other than cooking purposes except under certain conditions, the purchase of foreign food and clothing except in certain circumstances, and payment of subsidies on agricultural or other products; and provides for inspection service and instruction by USDA under "Incidental expenses of the Army."
23. NAVAL APPROPRIATION BILL, 1949. The Appropriations Committee reported this bill H.R. 6772 (H.Rept. 2136) (pp. 7038, 7072). The Committee report states that, in conformity with action on previous appropriation bills for 1949, the estimate for penalty mail has been omitted and that a bill to repeal the requirement for such payment "has been favorably reported to the House and it is anticipated that favorable action will be taken thereon."
24. LOANS. The Veterans' Affairs Committee reported with amendment H.R. 6635, to provide a secondary market for loans made under the Servicemen's Readjustment Act of 1944 (H.Rept. 2157) (p. 7072).
25. TREASURY-POST OFFICE APPROPRIATION BILL, 1949. House conferees were appointed on this bill, H.R. 5770 (p. 7052). Senate conferees were appointed May 28.
26. LANDS. Agreed to the Senate amendments to H.R. 5816, amending the act establishing the Theodore Roosevelt National Memorial Park, N.Dak., so as to add additional lands to the Park (p. 7057).
27. POSTAL SERVICE. The Post Office and Civil Service Committee reported H.R. 6773, to provide on air parcel-post service (H.Rept. 2163) (p. 7073). Rep. Rees, Kans., explained the bill (p. 7070).
28. FOREIGN AID. Rep. Rankin, Miss., criticized proposed expenditures for "newspaper, magazine and movie propaganda to put the proposition [European Recovery Program] over" (p. 7037).
Rep. Buffett, Nebr., claimed that proposed exports of tobacco under ERP will cause Turkey to lose a good portion of its tobacco market (pp. 7036-7).
Received from the President the 12th quarterly report of expenditures and operations under UNRRA (H.Doc. 686) (p. 7039).
29. EDUCATION. Rep. Harris, Ark., spoke in favor of Federal aid for education (p. 7039).
30. CLAIMS. Received from the President an appropriation estimate of \$12,838,409.60 for the several executive departments and agencies to pay claims for damages, audited claims and judgments (H.Doc. 690) (p. 7072).
31. RELIEF. Received from the President a supplemental appropriation estimate of \$600,000 for disaster relief (H.Doc. 691) (p. 7072).
32. SOCIAL SECURITY. The Ways and Means Committee reported without amendment H.R. 6777, to extend the coverage of the old-age and survivors insurance system, to increase certain benefits payable under such system, and for other purposes (H.Rept. 2168) (p. 7073).

TEMPORARY EXTENSION OF CERTAIN PROVISIONS OF SECOND DECONTROL ACT OF 1947

JUNE 2, 1948.—Ordered to be printed

Mr. WOLCOTT, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany H. R. 6659]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That subsection (b) of section 1501 of the Second War Powers Act, 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, Eightieth Congress), and as further amended by the Act of February 28, 1948 (Public Law 427, Eightieth Congress), is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "June 30, 1949". Subsection (b) (1) (C) of such section 1501 is hereby repealed. Subsection (b) (1) (E) of such section 1501 is hereby amended by inserting before the semicolon at the end thereof a comma and the following: "and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export: Provided, however, That 50 per centum of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials or nitrogenous compounds (including anhydrous ammonia) produced in plants operated by or for the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce and sell such nitrogenous fertilizer materials and nitrogenous

compounds (including anhydrous ammonia) to fill such 50 per centum of such export requirements". Subsection (c) of such section 1501 is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "June 30, 1949".

SEC. 2. The provisions of this Act shall take effect as of the close of May 31, 1948, and all regulations, orders, directives, directions, requirements, and delegations issued under title III of the Second War Powers Act, 1942, as amended, which were in effect on May 31, 1948, shall be in effect in the same manner and to the same extent as if this Act had been enacted on May 31, 1948, and any proceeding, petition, application, or appeal which was pending on May 31, 1948, under such title III, as amended, or under any regulation, order, directive, or direction issued thereunder, shall be proceeded with and shall be effective in the same manner and to the same extent as if this Act had been enacted on May 31, 1948: Provided, That in any case in which such title III, as amended, or any regulation, order, directive, direction, or requirement issued thereunder, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on May 31, 1948, such period is hereby extended for a number of days equal to the number of days from June 1, 1948, to the date of the enactment of this Act, both inclusive: Provided further, That no act or transaction, or omission or failure to act, occurring subsequent to May 31, 1948, and prior to the date of enactment of this Act, shall, by reason of the enactment of this Act, be deemed to be a violation of such title III, as amended, or of any regulation, order, directive, or direction issued thereunder.

And the Senate agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
FREDERICK C. SMITH,
JOHN C. KUNKEL,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

RALPH E. FLANDERS,
C. D. BUCK,
BURNET R. MAYBANK,
By R. E. F.

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text. The committee of conference recommend that the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment which is a substitute for both the House bill and the Senate amendment, and that the Senate agree to the same.

The substitute agreed to in conference, aside from minor clarifying amendments, is the same as the bill as passed by the House except as explained below:

The date until which the controls are continued is the date provided in the Senate amendment, namely, June 30, 1949. The House bill had prescribed the date of February 28, 1949.

It should be noted that, in addition to its other effects, this legislation extends the power of the President to control the use of transportation equipment and facilities by rail carriers beyond February 28, 1949, the date on which that power would expire under existing legislation.

It is intended that in the exercise of distribution and use controls under this legislation fair and equitable allocations shall be made.

The conference substitute does not contain section 2 of the House bill, which proposed to repeal section 3 (b) of the act of December 30, 1947 (Public Law 395, 80th Cong.), relating to the use of price criteria in the licensing of exports.

In view of the fact that powers under title III of the Second War Powers Act to which this act relates expired at the close of May 31, 1948, a section 2 is included in the conference substitute to provide that this legislation shall become effective as of the close of May 31, 1948. This will make it clear that the employees administering these powers, many of whom are war service appointees, may be retained and will avoid other incidental and unfortunate effects upon their employment status. It will also have the effect of keeping all the former regulations and orders in force without confusion or doubt and without reissuance. Appropriate provisions are included, however, to insure that persons will not be subject to criminal penal-

4 EXTENSION OF PROVISIONS OF SECOND DECONTROL ACT, 1947

ties by reason of acts or omissions occurring after May 31, 1948, and prior to the enactment of this legislation.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
FREDERICK C. SMITH,
JOHN C. KUNKEL,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
Managers on the Part of the House.



made available at Andrews Air Force Base for flight indoctrination of midshipmen strikes me as having considerable merit.

While our plans for the future use of Andrews Air Force Base call for full utilization of the facilities there, we are quite willing to readjust our plans so as to provide a portion of the facilities for naval use. Of course there are many factors involved, such as the extent of facilities required and the serious problem of congested air space in the Washington area, which have to be taken into consideration. Not being aware of the extent of naval requirements, I am, of course, not certain whether all these objections can be overcome to the Navy's satisfaction.

However, if approached by the Navy on this matter, we would be more than willing to do everything possible to meet their requirements.

Sincerely,

W. STUART SYMINGTON.

(Mr. MEADE of Maryland asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The time of the gentleman from Maryland has expired.

The gentleman from New York [Mr. LATHAM] is recognized.

Mr. LATHAM. Mr. Chairman, I was somewhat shocked a few minutes ago to hear the gentleman from California say that he is glad the Navy is taking aviation seriously. I think this is typical of the general misunderstanding and ignorance concerning naval aviation operations and the relationship between naval air and naval surface operations. I suppose there was a time way back before this last war, many years before, when airplanes were incidental to naval operations, when a battleship had one or two aircraft to use for scouting purposes and when cruisers carried a couple of aircraft; but that day is long since past and gone, and such was not the situation during the last war.

Admiral Arthur W. Radford, Vice Chief of Naval Operations, in his testimony on the unification bill before the Expenditures Committee of the House, pointed out very clearly that during the last war and at the present time the function of the surface ships, the battleships, cruisers, transports, and so forth, is to support the naval air arm. Now let us look at one or two figures just a moment. In one 3-month campaign in the Pacific the Japanese lost 7,830 aircraft out of which 4,155 were shot down by the fleet. I will not read any more at this time. That is enough.

In light of these statistics the remark that the Navy is not taking aviation seriously is to me rather amusing.

This airfield will do this: It will merely bring the naval training set-up up to the level of the responsibilities that the Navy has today and the responsibilities which it had during the last war, and certainly it will have those responsibilities in any future conflict in which we might engage.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, the few words I have to say may be repetitious, but I do want to call the attention of the committee to the fact that the subcommittee and full committee have given a great deal of thought

and study to this problem over a period of a year. In addition to that, six different naval selection boards have unanimously agreed not only that naval indoctrination flights should be carried out in the vicinity of the Naval Academy, but also that the site we have discussed this afternoon in the district represented by the gentleman from Maryland [Mr. SASSCER] should be the site upon which the airport be located.

Mr. Chairman, in 1943 this project was authorized and an appropriation was made for it. The thing that held it up at that time was the critical material situation, together with the fact that we were in the midst of a great war. Admiral King, then Chief of Naval Operations, did not think we should embark upon a program of building an airport at a time when the curriculum at the Naval Academy was on a 3-year basis. It is on a 4-year basis now, so that we should immediately embark upon this program of air indoctrination.

Mr. SASSCER. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from Maryland.

Mr. SASSCER. Reference has been made to a letter from Mr. Symington. May I call the gentleman's attention to the fact that this was a letter written not in the ordinary course of departmental work but as one of a series of letters passing back and forth between the gentleman from Maryland [Mr. MEADE] and Mr. Symington. In that letter it is stated that they had future plans for Andrews Field, but since then the NATS moved in. At the time that letter was written a request was made that some of the planes be moved away. The gentleman will see that this is not in Mr. Symington's department.

Mr. BATES of Massachusetts. Not only that, but Mr. Symington, in the letter that the gentleman from Maryland [Mr. MEADE] read this afternoon, said:

Of course, there are many factors involved, such as the extent of facilities and the serious problem of the congested air space in the Washington area.

That is the Andrews Field area. We find since then a representative of NATS has requested the Navy Department to house some of their planes which are now at Andrews Field, at the Patuxent Naval Base.

Mr. Chairman, these are our boys. All the boys at the Naval Academy, with few exceptions, are boys we appointed. Certainly we do not want to throw them in the midst of heavy air traffic, which may mean their lives.

This bill has the unanimous report of the Navy Department and every board ever selected by it to consider the matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. FALLON].

The question was taken; and on a division (demanded by Mr. FALLON) there were—ayes 26, noes 73.

So the amendment was rejected.

(Mr. BRADLEY asked and was given permission to revise and extend his remarks.)

Mr. BUCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCK: Page 3, line 3, strike out lines 3 and 4.

Mr. BUCK. Mr. Chairman, this amendment has to do with the liquid-fuel rocket test laboratory proposed for Jersey City, N. J., which is item 10 on page 4 of the report. The report states that the laboratory must be barricaded and soundproofed. That is obvious, because the laboratory is situated within rifle shot of the most congested area of population in the United States. There certainly seems no advantage to construct that sort of a laboratory in a location where the building must be soundproofed and barricaded at a great expense to the taxpayers.

Reading on further—and this is an example of the sort of misinformation which is given to the Congress, and on which the Congress is expected to legislate, the report says:

There are presently no facilities available in the eastern part of the United States.

Now, I refer to the hearings on page 3707 where the following appears:

The M. W. Kellogg Co. has also an existing facility of the type requested which was constructed under an Army Air Forces contract.

The report goes on to say that those facilities will be located about three-quarters of a mile from the Jersey City shops of the M. W. Kellogg Co., adjacent to the rocket motor-test laboratories presently in use for Army Air Forces development work. This new laboratory would be a complete duplication of a facility which already exists.

The natural place for a laboratory of this sort, of course, is at one of the great rocket-test fields which are provided in this very bill. It seems completely wasteful and completely ridiculous to build another laboratory alongside an already existing laboratory to do the same kind of work which the existing laboratory is already doing, and all this at a cost of about one-third of a million dollars.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The gentleman a moment ago in quoting from the hearings made the statement that the M. W. Kellogg Co. has already an existing facility of the type requested, and he stopped there. Now, had he continued, he would have said "which was constructed under an Army Air Forces contract and is used essentially full time on this work," which means that the facilities of that laboratory are used wholly by the Army Air Forces.

Mr. BUCK. Is the gentleman in a position to tell us the extent of this alleged full utilization?

Mr. VAN ZANDT. Other than what we have been informed by representatives of the armed forces.

Mr. BUCK. I decline to yield at this point.

When the report states that there are presently no facilities available in the

eastern part of the United States, and then when the hearing states that this laboratory is to be built immediately adjacent to an existing similar laboratory, I somewhat question the faith which may be placed in the statements supplied by the armed forces.

Mr. BATES of Massachusetts. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, all I want to say is that this is a very vital part of the program for guided missile research. I hope the amendment will fail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. Buck].

The amendment was rejected.

Mr. BATES of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: On page 10, line 1, strike out "\$92,932,600" and insert "\$91,949,950"; and in line 3 strike out "\$116,756,900" and insert "\$116,532,953."

Mr. BATES of Massachusetts. Mr. Chairman, the amendment provides a correction of the totals in the bill, to comply with the reduction of \$1,206,597 brought about as a result of the amendment limiting the space in the buildings to be constructed.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KEEFE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6314) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, pursuant to House Resolution 619, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent for the immediate consideration of a similar Senate bill (S. 1675) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BATES of Massachusetts. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: Strike out all after the enacting clause of the bill S. 1675 and insert in lieu thereof the provisions of the bill H. R. 6341 as passed.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

By unanimous consent, the proceedings by which the bill H. R. 6341 was passed were vacated, and the bill was laid on the table.

Mr. BATES of Massachusetts. Mr. Speaker, I move that the House insist on its amendment to the bill S. 1675 and ask for a conference with the Senate.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. BATES of Massachusetts, ARENDS, COLE of New York, SASSER, and BROOKS.

COMMITTEE ON WAYS AND MEANS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent for leave to file before midnight tonight the report of the Committee on Ways and Means on the bill H. R. 6777 together with supplemental views of minority members of the committee desiring to file their views on the bill, and to file the technical analysis of bill's provisions by midnight Friday.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HESELTON. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report on the bill S. 2454 and the bill H. R. 6728.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SECOND DECONTROL ACT OF 1947, TEMPORARY EXTENSION

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House may have until midnight tonight to file a conference report on the bill H. R. 6659.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be

inserted by the Senate amendment insert the following:

"That subsection (b) of section 1501 of the Second War Powers Act, 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, Eightieth Congress), and as further amended by the Act of February 28, 1948 (Public Law 427, Eightieth Congress), is hereby amended by striking out 'May 31, 1948' and inserting in lieu thereof 'June 30, 1949'. Subsection (b) (1) (C) of such section 1501 is hereby repealed. Subsection (b) (1) (E) of such section 1501 is hereby amended by inserting before the semicolon at the end thereof a comma and the following: 'and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export: *Provided, however,* That 50 per centum of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials or nitrogenous compounds (including anhydrous ammonia) produced in plants operated by or for the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce and sell such nitrogenous fertilizer materials and nitrogenous compounds (including anhydrous ammonia) to fill such 50 per centum of such export requirements'. Subsection (c) of such section 1501 is hereby amended by striking out 'May 31, 1948' and inserting in lieu thereof 'June 30, 1949'.

"SEC. 2. The provisions of this Act shall take effect as of the close of May 31, 1948, and all regulations, orders, directives, directions, requirements, and delegations issued under title III of the Second War Powers Act, 1942, as amended, which were in effect on May 31, 1948, shall be in effect in the same manner and to the same extent as if this Act had been enacted on May 31, 1948, and any proceeding, petition, application, or appeal which was pending on May 31, 1948, under such title III, as amended, or under any regulation, order, directive, or direction issued thereunder, shall be proceeded with and shall be effective in the same manner and to the same extent as if this Act had been enacted on May 31, 1948: *Provided,* That in any case in which such title III, as amended, or any regulation, order, directive, direction, or requirement issued thereunder, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on May 31, 1948, such period is hereby extended for a number of days equal to the number of days from June 1, 1948, to the date of the enactment of this Act, both inclusive: *Provided further,* That no act or transaction, or omission or failure to act, occurring subsequent to May 31, 1948, and prior to the date of enactment of this Act, shall, by reason of the enactment of this Act, be deemed to be a violation of such title III, as amended, or of any regulation, order, directive, or direction issued thereunder."

And the Senate agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
FREDERICK C. SMITH,
JOHN C. KUNKEL,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

RALPH E. FLANDERS,
C. D. BUCK,
BURNET R. MAYBANK,
By R. E. F.

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6659) to con-

tinue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text. The committee of conference recommend that the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment which is a substitute for both the House bill and the Senate amendment, and that the Senate agree to the same.

The substitute agreed to in conference, aside from minor clarifying amendments, is the same as the bill as passed by the House except as explained below:

The date until which the controls are continued is the date provided in the Senate amendment, namely, June 30, 1949. The House bill had prescribed the date of February 28, 1949.

It should be noted that, in addition to its other effects, this legislation extends the power of the President to control the use of transportation equipment and facilities by rail carriers beyond February 28, 1949, the date on which that power would expire under existing legislation.

It is intended that in the exercise of distribution and use controls under this legislation fair and equitable allocations shall be made.

The conference substitute does not contain section 2 of the House bill, which proposed to repeal section 3 (b) of the act of December 30, 1947 (Public Law 395, 80th Cong.), relating to the use of price criteria in the licensing of exports.

In view of the fact that powers under title III of the Second War Powers Act, to which this act relates, expired at the close of May 31, 1948, a section 2 is included in the conference substitute to provide that this legislation shall become effective as of the close of May 31, 1948. This will make it clear that the employees administering these powers, many of whom are war service appointees, may be retained and will avoid other incidental and unfortunate effects upon their employment status. It will also have the effect of keeping all the former regulations and orders in force without confusion or doubt and without reissuance. Appropriate provisions are included, however, to insure that persons will not be subject to criminal penalties by reason of acts or omissions occurring after May 31, 1948, and prior to the enactment of this legislation.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
FREDERICK C. SMITH,
JOHN C. KUNKEL,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

EXTENSION OF REMARKS

Mr. MARTIN of Iowa asked and was given permission to extend his remarks in the RECORD and include some tables regarding European relief.

Mr. HARVEY asked and was given permission to extend his remarks in the RECORD and include an editorial from the Indianapolis Star.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, revise and extend my remarks, and include a telegram.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

VETERANS' RIGHTS

Mrs. ROGERS of Massachusetts. Mr. Speaker, the following telegram has been sent to many Members of Congress by Francis M. Sullivan. It is as follows:

WASHINGTON, D. C. June 1, 1948.
Hon. EDITH NOURSE ROGERS,
House Office Building,
Washington, D. C.:

Consideration given service-connected disabled during Eightieth Congress is deplorable. But when Congress intends to take away established rights from service-connected seriously disabled, disabled American veterans wonder why the preference for foreigners through ERP and other foreign relief over men disabled in fighting such foreigners. Section 106 of H. R. 6712 will take away benefits from service-connected seriously disabled so as to put premium on laziness. Congress should not consider discontinuing tax exemption of disability compensation of former servicemen who are totally and permanently disabled, amputees, paraplegics, and other similar cases. Seriously disabled veterans who lift themselves by their own bootstraps should be commended instead of penalized. Section 106 of bill would eliminate any benefit of disability compensation for employed seriously disabled.

FRANCIS M. SULLIVAN,
Director of National Legislation, Disabled American Veterans.

Mr. Speaker, I think a mistake was made when this was put in the bill. I am very sure it will be removed, if not by the committee, then by the House.

I have asked that the name of Committee on Veterans' Affairs be changed to the American Veterans Affairs' Committee in order that if the calendar is called it will have an early place on the call of the calendar. Legislation dealing with disabled veterans has not been passed as it should in this Congress. The Veterans' Affairs Committee should have its full day, days, or weeks in order to discuss and pass legislation for our veterans. Much time is given to other matters of much less importance and to discussion of vast sums, sums given to foreign countries and much legislation is passed for that purpose. Our own veterans should come first. But I am hopeful that within the next 10 days, numerous bills will be passed.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may meet tomorrow, notwithstanding the House is in session.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. LATHAM asked and was given permission to revise and extend the remarks he made this afternoon.

COMMITTEE ON VETERANS' AFFAIRS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that

notwithstanding the House may be in session, the Committee on Veterans' Affairs may meet tomorrow and Saturday.

Mr. HALLECK. Mr. Speaker, reserving the right to object, the rule is that committees may meet only during general debate. Would the gentlewoman amend her request accordingly?

Mrs. ROGERS of Massachusetts. That is the request I made, Mr. Speaker. I thought that was understood in the rules of the House.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEGISLATIVE PROGRAM

Mr. HALLECK. Mr. Speaker, the notice sent out by the majority whip indicated that the foreign aid appropriation bill would come up tomorrow. That bill will not be ready tomorrow, but the naval appropriation bill will be. We will accordingly proceed with the Navy appropriation bill tomorrow, and endeavor to take up the foreign aid appropriation on Friday.

It has been suggested that we consider some bills on the District Calendar on Monday next. Mr. Speaker, I therefore ask unanimous consent that it may be in order on Monday next to consider bills on the District Calendar.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Also, Mr. Speaker, many Members have inquired of me as to whether or not the Consent Calendar and the Private Calendar will be called again. Under the rules of the House, the Consent Calendar will be called on Monday next, but I believe it is better to call both the Consent Calendar and the Private Calendar on Tuesday next. Therefore, Mr. Speaker, I ask unanimous consent that it may be in order to call both the Consent and Private Calendars on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, does that mean that suspensions will come up on Tuesday?

Mr. HALLECK. No, it does not. The request I have submitted does not include the calling of suspensions.

Mrs. ROGERS of Massachusetts. Will the gentleman amend his request so as to include that?

Mr. HALLECK. No. I am sorry I cannot.

Mrs. ROGERS of Massachusetts. I do not want to object, Mr. Speaker, but I will have to object.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mrs. ROGERS of Massachusetts. Mr. Speaker, I object.

PERMISSION TO ADDRESS THE HOUSE

Mr. REES. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

LEGISLATION PROVIDING FOR AIR-MAIL PARCEL-POST SERVICE

Mr. REES. Mr. Speaker, the House Post Office and Civil Service Committee today approved legislation to establish an air-mail parcel-post service, and recommended its passage. This bill is the result over a period of several months made by a subcommittee of the House Post Office and Civil Service Committee, as well as the entire membership of our committee.

Under the provisions of this legislation air-mail parcel post will be sent by air directly to approximately 565 cities in the United States. This service may be utilized by every user of the postal service under a provision that requires the Department to use a combination of surface and air transportation.

The bill provides for charges that will require that air parcel pay for all the services rendered.

The House Post Office and Civil Service Committee has been conducting investigations of postal services to determine among other things, where economies can be made in existing operations and where new services can be added which will not only pay their way but in addition thereto, show a profit to the postal service.

A report made by our committee, after careful study of the problem, covers two phases of air-mail operation. First, the air-mail subsidies amounting to over \$15,000,000 annually which is being currently paid from the Post Office Department funds, and the second is the question of providing an air parcel-post service.

Our studies have developed that there is a vast amount of space on the airplanes for which the Department is now paying but not used for transportation of mail, so our committee has recommended this bill to institute air parcel-post service.

In addition to providing a fine service to the public, the volume of air parcel post will reduce the present deficit in first-class air mail. In excess of 19,000,000 ton-miles of space is now being paid for by the Post Office Department, but is not being used. This can be used to carry air parcel post without any additional cost to the Post Office Department. There are five carriers that are not now receiving a guaranteed minimum load which have recently been granted increases in mail pay amounting to over \$5,000,000 annually. Under a recently adopted policy of the Civil Aeronautics Board the amount paid to these carriers for each ton-mile of mail carried decreases as the volume increases. It is conceivable that with the increased volume of mail going to these carriers

the ton-mile payments can be reduced from the present charge of 60 cents to 40 cents.

The views of our committee concerning the manner in which air-line subsidy is handled, are set forth in a committee report. I commend your careful reading of it. When the Post Office Department appropriation bill was before the other body, the chairman of the committee referring to our report, said, "I commend this matter to the attention of every Senator. I believe it is something more important than we realize."

Our committee report points out that under the present system, we have created a procedure for subsidizing the air lines which permits an administrative board to make determinations on a broad national policy without having the prior approval of Congress, and without having the approval of the House Appropriations Committee to grant funds necessary to put these policies into effect. I think the Members of the House can readily see that basically this is contrary to the policies of the Government which vests in the Congress control of Federal expenditures through appropriations.

An examination will disclose that the Civil Aeronautics Board through its authority to determine where subsidies shall be paid, has recently authorized a lump sum payment of \$1,893,658 to the Southwest Airways which is a feeder line. Nine hundred and thirty-six thousand dollars of this amount is in addition to mail pay already received. This payment is to cover the period from December 2, 1946, to March 31, 1948. In other words, it is retroactive.

The Post Office and Civil Service Committee recommended that the subsidies paid to the air lines be based upon a direct appropriation rather than permitting the Civil Aeronautics Board to draw at will upon Federal funds. Such a procedure would not only have a beneficial effect upon the over-all expenditures for subsidies, but would as well, provide assistance in a uniform, fair, and unbiased manner.

At the time of the hearings on air mail, it was testified that only one air carrier having a ton-mile rate was paid on the basis of a minimum amount of mail, irrespective of whether it carried the amount of mail or not. To show you how that worked out, this particular air line was paid in 9 months of 1947, \$2,211,420 as compared to \$388,462.70 for the entire year of 1946 in which year—1946—it carried 200,000 more ton-miles of mail.

Since these hearings were held all the large lines with the exception of five are now paid based upon this minimum load requirement. This subterfuge permits the Civil Aeronautics Board to retain ton-mile rates paid to the carriers which are more nearly comparable and, at the same time, pay certain carriers a large sum of money additional, simply by raising the minimum load requirements.

In my opinion, the results of the investigation of our committee, both as it relates to the establishment of this air parcel post service and to the separation of subsidy, will be of great benefit to the

taxpayers as well as the patrons of the Postal Service.

It is hoped, as I have said, that the establishment of air parcel post will provide for a much needed service to the people of this country, especially those who are farther away from large centers of population and at the same time provide a revenue that will reduce the amount of subsidies that are now being paid from the Federal Treasury and charged to the Postal Service. It is also expected that it will reduce the deficit in the Post Office Department by \$10,000,000.

EXTENSION OF REMARKS

Mr. HUGH D. SCOTT, JR., asked and was granted permission to extend his remarks in the RECORD and include an article by Dorothy Thompson.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. HOBBS. Mr. Speaker, does the same question of the rules of the House apply to the request made by the gentleman from Illinois [Mr. DIRKSEN] that applied to the other request? That is, that the committee is authorized to sit only during general debate.

The SPEAKER. The Chair finds upon inquiry that the request of the gentleman from Illinois [Mr. DIRKSEN] did not put any restrictions upon when the committee was to sit.

Mr. HOBBS. I understand; but the majority leader said that this request always included that understanding.

The SPEAKER. There has been an occasional diversion from the rule.

CONSENT AND PRIVATE CALENDARS

Mr. HESELTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HESELTON. Do I understand that the situation now is, because of the objection to the request of the majority leader, that all matters on the Consent Calendar and all matters on the Private Calendar will not likely be acted upon at this session?

The SPEAKER. Under the rule, the Consent Calendar would be called, of course, next Monday.

Mr. HESELTON. And the same thing is true of the Private Calendar?

The SPEAKER. The Private Calendar will not be called. The objection prevents further call of the Private Calendar.

Mr. HESELTON. And no further consideration will be given to bills on the Private Calendar at this session?

The SPEAKER. The Chair could not answer that, because the Chair does not know how long the Congress is going to be in session.

STAMPS COMMEMORATIVE OF ONE HUNDREDTH ANNIVERSARY OF THE POULTRY BUSINESS

The SPEAKER laid before the House the following communication from the Senate, which was read by the Clerk:

Ordered, That the Secretary be directed to request the House to return to the Senate the joint resolution (S. J. Res. 154) entitled "Joint resolution authorizing the issuance of a special series of stamps commemo-

power at its command guard the interests of this program and protect the taxpayers of this Nation by refusing to pay inflationary prices, some of which are already in evidence as a result of anticipatory buying, especially in connection with cotton.

"The Administration estimates contain an amount of \$110,000,000 for the purchase of tobacco. While there may be reasons for the purchase of some tobacco there is serious doubt as to how much tobacco should be purchased during this period of dire need for more substantive aid, and purchases in the luxury category should be very carefully scrutinized.

"It is contemplated to purchase some \$24,600,000 worth of wool. While wool is a commodity necessary in the general rehabilitation of Europe, every effort should be made to purchase the type of wool that will serve the intended purpose at the lowest possible cost. The Commodity Credit Corporation, for example, has over 240,000,000 pounds of wool, one-half of it of the lower-grade variety not salable in the United States and purchased at a cost of 42 cents per pound. It is hoped that both our own and the European economy can be aided by the movement of this wool into export. Cotton cloth purchases are to be made in an estimated amount of \$72,600,000. In this item especially, but also in many other items contemplated in the program, it would seem that the raw material rather than the finished product should be exported in order that the expense of manufacture in this country may be avoided or minimized and at the same time the people of Europe given a greater opportunity to produce for their own needs."

"The committee is not wholly satisfied with the large-scale mechanization of farms in participating countries that is apparently proposed in the program. The shortage of steel and petroleum throughout the world, plus the general unfamiliarity of the average European farmer with mechanical farm equipment might prove costly and, in the final analysis, unproductive. While farm production must further be increased in these countries the proportion of large farms that lend themselves to production by means of mechanized equipment is small. This program should be embarked upon with extreme caution, and should not require the \$81,500,000 estimated for this purpose."

"It is the sense of the committee that relief in the form of grants should be limited insofar as practicable to food, fuel, fertilizer, and seed. The committee is of the further opinion that grants should be limited insofar as practicable to those countries which are unable to pay for the required imports through increased production. No European nation wants to remain on an indefinite dole from another nation and no nation can long afford to export its substance to another nation without a break-down in its own economy. Sacrifices must be made by all and each country's sacrifice should be understood by each other country."

2. AGRICULTURAL APPROPRIATION BILL, 1949. The Rules Committee reported H.Res. 624, agreeing to the conference requested by the Senate on this bill, H.R. 5883 (pp. 7284, 7286).
3. NATIONAL FOREST. The Agriculture Committee reported with amendments S. 1090, to remove the limitation governing exchanges of certain lands in the Superior National Forest, Minn., to safeguard and consolidate areas of exceptional public interest (H.Rept. 2186) (p. 7286).
4. GOLDEN NEMATODE. The Agriculture Committee reported without amendment S. 2137, to provide for the protection of potato and tomato production from the golden nematode (H.Rept. 2137) (p. 7286).
5. EMERGENCY POWERS. Agreed to the conference report on H.R. 5659, to continue until June 30, 1949, certain allocation and export-import controls (pp. 7258-9). For provisions of the bill as reported by the conference committee see Digest 99.

6. FLOOD CONTROL. Passed with amendments H.R. 6419, authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation and flood control (pp. 7257-71). Title I of the bill is the proposed Rivers and Harbors Act of 1948, and Title II is the proposed Flood Control Act of 1948.
7. NAVAL APPROPRIATION BILL, 1949. Passed without amendment this bill, H.R. 6772 (pp. 7244-57).
8. HEALTH. Conferees were appointed on S.J.Res. 98, to provide for membership and participation by the U.S. in the World Health Organization (p. 7257). Senate conferees were appointed June 2.
9. PERSONNEL. Agreed to conference report on H.R. 4236, to amend the Civil Service Act to remove certain discrimination with respect to the appointment of physically handicapped persons (p. 7278). This bill will now be sent to the President.
10. VIRGIN ISLANDS. The Rules Committee reported a resolution for the consideration of H.R. 5904, to incorporate the Virgin Islands Corporation (pp. 7284, 7286).
11. FEDERAL SECURITY SUPPLEMENTAL APPROPRIATION BILL, 1949. Conferees were appointed on this bill, H.R. 6355 (p. 7284). The bill was passed by the Senate earlier in the day (see item 27).
12. FOREST SERVICE. The Agriculture Committee ordered reported (but did not actually report) H.R. 2028, the Forest Service fiscal omnibus bill (p. D586).
13. RESEARCH. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) H.R. 6007, to establish a National Science Foundation (p. D588).
14. EXPENDITURES. Rep. Reed, N.Y., urged reductions in Government spending and inserted a Wall Street Journal article on the subject (pp. 7240-1).
15. PERSONNEL. Rep. Snathers, Fla., spoke in favor of pay raises for Federal employees (p. 7243).
16. HOUSING. Rep. Hardy, Va., spoke in favor of the TEW housing bill (p. 7245). Received a VFW petition favoring the TEW housing bill (p. 7287).

BILLS INTRODUCED

17. BUILDINGS AND GROUNDS. H.R. 6806, by Rep. D'Ewart, Mont., to authorize the Secretary of Agriculture to accept buildings and improvements constructed and affected by the Buffalo Rapids Farms Associations on project lands in the Buffalo Rapids water conservation and utilization project and canceling certain indebtedness of the association. To Agriculture Committee. (p. 7286.)
18. WATER TRANSPORTATION. S. 2799, by Sen. Canehart, Ind., to provide for ascertaining the economic justification for proposed improvements to the inland waterways of the U.S. To Interstate and Foreign Commerce Committee. (p. 7166.)
19. FEDERAL AID; EDUCATION. S. 2801, by Sen. Kilgore, W.Va. (for himself and Sens. Morse, Ore., and Magnuson, Wash.), to assist the States in the removal of adult illiteracy by the development and maintenance of special programs of basic elementary education for adults. To Labor and Public Welfare Committee. (p. 7166.) Remarks of author in which he referred to the percentage of illiteracy among "farm dwellers."

Union, reported that that Committee, having had under consideration the bill (H. R. 6772) making appropriations for the Department of the Navy and the Naval Service for the fiscal year ending June 30, 1949, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. PLUMLEY. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

WORLD HEALTH ORGANIZATION

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (S. J. Res. 93) providing for membership and participation by the United States in the World Health Organization and authorizing an appropriation therefor, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio? [After a pause.] The Chair hears none, and appoints the following conferees: Mrs. BOLTON, Mr. JUDD, and Mr. COURTNEY.

NAVAL VESSELS

Mr. HESS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4721) to remove the statutory limit of appropriation expenditures for repairs or changes to a vessel of the Navy, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, strike out lines 8, 9, and 10, inclusive, and insert:

"Sec. 2. No funds appropriated for the repair or alteration of any naval vessel shall be utilized to make any repairs or alterations to a vessel which result in a change of the category or type of such vessel, unless such funds have been specifically made available for such purpose."

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ISACSON asked and was given permission to extend his remarks in the RECORD and include certain extraneous material.

Mr. KLEIN asked and was given permission to include in his remarks made in Committee of the Whole an editorial from the New York Post.

Mr. CARROLL asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. GRAHAM asked and was given permission to extend his remarks in the RECORD and include a letter written by Representative McCONNELL.

Mr. DAGUE asked and was given permission to extend his remarks in the RECORD and include an address recently delivered by Representative GILLIE.

SPECIAL ORDER GRANTED

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent that tomorrow, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

WATER FILTRATION PLANT, HIGHLAND FALLS, N. Y.

Mr. BATES of Massachusetts. Mr. Speaker, I call up the conference report on the bill (H. R. 2359) to authorize the payment of a lump sum, in the amount of \$100,000, to the village of Highland Falls, N. Y., as a contribution toward the cost of construction of a water-filtration plant, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 2, 1948.)

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONSTRUCTION AT MILITARY INSTALLATIONS

Mr. BATES of Massachusetts. Mr. Speaker, I call up the conference report on the bill (S. 1676) to authorize the Secretary of War to proceed with construction at military installations, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 2, 1948.)

A motion to reconsider was laid on the table.
The conference report was agreed to.

EXTENSION OF REMARKS

Mr. THOMAS of Texas asked and was given permission to revise and extend his remarks.

FLOOD CONTROL ACT OF 1948

Mr. RIZLEY. Mr. Speaker, I call up House Resolution 589 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6419) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. RIZLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this resolution provides consideration for H. R. 6419, a bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

Those of you who were Members of this House during the Seventy-ninth Congress, and previous Congresses, will remember that two omnibus bills were reported each year. The Committee on Rivers and Harbors reported one omnibus bill, and the Committee on Flood Control reported another. You will remember that the Legislative Reorganization Act of 1946 vested the functions of the Rivers and Harbors Committee and the Flood-Control Committee in the Public Works Committee.

I have reviewed the history of the procedure by which these bills were formerly reported only to emphasize the remarkable job the Public Works Committee has done on the bill this year. The omnibus rivers, harbors and flood-control bill they have reported this year calls for an expenditure of less than the omnibus bills reported in past years. The members of the Public Works Committee have recognized the stringency of our present Federal finances, and they have reported a bill which will cost less than legislation for like purposes in the past 25 years.

Every project in the bill has been screened and rescreened by the committee, and every project has had a favorable report from the Army engineers. The bill now includes 32 rivers and harbors projects in 14 States, and 13 flood-control projects in 10 States. All of this construction is of an urgent nature, or

it would not have been included in the bill.

There is one other important improvement over the procedure followed in past Congresses in reporting similar bills which I would like to point out to you. In the past, authorization for preliminary examination and survey items have been approved as a matter of course. This year, however, the survey items have been carefully screened by the committee, with the results that only nine surveys have been approved. This new procedure will save a considerable amount of money, and will prevent the waste of time and efforts to surveying projects which obviously are not feasible.

Again allow me to compliment the work of the members of the Committee on Public Works for their diligence in reporting this bill. I am sure that it will meet the approval of every fair-minded Member of this House.

This resolution provides 1 hour of debate on the bill, and waives points of order against it. I am sure that a majority of you recognize the value and the necessity for this legislation, and there is no need for me to urge you to vote for this resolution providing for its consideration.

This bill, as I understand, is unanimously reported by the committee. There was no objection in the committee.

Mr. Speaker, I reserve the remainder of my time, and I now yield 30 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, there is no desire to consume any time on this side.

Mr. RIZLEY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

TEMPORARY EXTENSION OF CERTAIN PROVISIONS OF SECOND DECONTROL ACT, 1947

Mr. WOLCOTT. Mr. Speaker, I call up the conference report on the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. Wolcott]?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House, June 2, 1948.)

[Mr. WOLCOTT addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. ABERNETHY. Mr. Speaker, as many Members know, I have been working for months to find ways and means to channel more nitrogen to the American farmers. As a member of the subcommittee which investigated the nitro-

gen supply, I can assure you that there was never a greater need nor a greater demand for nitrogenous fertilizer than there is today.

In my studies of this problem I found that almost 28 percent of American manufactured and imported nitrogen was being shipped abroad to the occupied and unoccupied countries. In round figures we export 314,500 tons of pure nitrogen annually or 28 percent of the American supply. True it is that 253,000 tons of the exports are manufactured by the Ordnance Department of the Army but the fact remains that the Army's output is produced in American-made plants and paid for with American tax dollars. All of Army's production is earmarked for shipment to the occupied countries of Germany, Japan, and Korea; and 61,000 tons of industrial production is annually requisitioned by the Federal Government and exported to countries around the globe. Even if every pound produced by American industry and the Army was made available to the American farmers they would still be short by more than 33,000 tons—and I am still speaking in terms of pure nitrogen.

Not one of the six nitrogen plants in the bizonia area of Germany was destroyed during the war. Shortly after cessation of hostilities all were put into operation and production has continued almost without interruption. With the shooting war having been concluded 3 years ago and Germany's plants going strong, it just does not make sense that we should continue to supply the bizonia area with such large supplies of nitrogen, more particularly when our own supply is so very short.

As stated above, about 61,000 tons of nitrogen is exported annually to the unoccupied countries of France, Greece, Turkey, Philippines, and so forth. Army does not supply this. The Government forces private American manufacturers to make these exports. Early this year the thought occurred to me that the Army should reduce the amount of its supply to the occupied countries of Germany, Japan, and Korea and in turn absorb all exports to the unoccupied countries. This would make available to the American farmers every single ton manufactured by American industry. Even though that of itself would not entirely offset the short supply, it would go a long way.

Earlier in the year, when the Banking and Currency Committee opened hearings on the question of nitrogen exports, I appeared before the committee and urged that Army be required to absorb the exports to the nonoccupied countries. In all, I made three appearances before the committee and made available to its membership the information which had been gathered as a result of our investigation. Of course, Army officials appeared and protested my proposal. They claimed that they could not absorb any of the exports. I cited undisputable figures to show that the German farmer was receiving at least 10 percent more of his fertilizer need than was the American farmer, that production was up in the German plants and that to say the very least the Army could reduce the

supply to Germany and other occupied countries sufficiently to absorb a minimum of 50 percent of our international exports.

The Banking and Currency Committee accepted our views on this matter. I am most grateful to the distinguished chairman of the Banking and Currency Committee as well as other members of the committee for incorporating this amendment in the bill. You have rendered a great service to American agriculture. This marks the first real step toward relieving the serious shortage of nitrogen among our farmers. Oh, I know that some of the international moon-gazers may insist that this amendment will seriously affect the occupied program or that the production of food around the world will be reduced. But I can assure you that no such thing will happen. After all, we are bleeding the nitrogen from our soil at an alarming rate. The Department of Agriculture continues to set high-production goals. Without nitrogen the goals cannot be met and the fertility of our lands will be further impaired in the effort unless nitrogen is made available.

The farmers of my own State use large quantities of nitrogen. They have sent many appeals to the members of our State delegation urging that everything possible be done to stop the Government drain on the short supply. In my effort to accomplish this, I have had the most valuable assistance of the members of my delegation, Mr. WHITTEN, Mr. WHITTINGTON, Mr. COLMER, Mr. RANKIN, Mr. WINSTEAD, and Mr. WILLIAMS. All of them have worked hard in support of this amendment and have rendered a real service to their farming constituents. There are hundred and hundreds of farmers, particularly small farmers, throughout Mississippi who have not received one single pound of high content nitrogen fertilizer this year. For them and their families nitrogen means, as we often say, "a crop or a flop." By no stretch of the imagination can our Government justify the exportation of 28 percent of its supply of nitrogenous fertilizer while many of our own people are without nitrates of any kind.

I am for this conference report. It will mean that for the next fertilizer year an additional 100,000 tons of ammonium nitrate will be made available to our farmers, or, if the nitrogen is manufactured in the form of domestic nitrate fertilizers it will add between 200,000 and 275,000 tons of such to the supply. The supply will still be short, I know, but what a great relief this will be. I sincerely urge that the conference report be adopted without a single objection.

Mr. BROOKS. Mr. Speaker, I am delighted that the amendment which will result in allocating additional nitrogen to our farmers is to be adopted. Heretofore 61,000 tons of nitrogen have been shipped overseas from commercially produced stocks of this fertilizer. This nitrogen represents 200,000 tons of ammonium nitrate or 300,000 tons of ammonium sulfate, so I am told. The fact that one-half of this amount will now be available for domestic needs is most gratifying information for our farmers. Thirty thousand five hundred

tons of nitrogen should represent 100,000 tons of ammonium nitrate or 150,000 tons of ammonium sulfate. When given the proper base, it will represent about 250,000 tons of commercial fertilizer, so I am informed. Congressman TOM ABERNETHY, of Mississippi, has rendered fine work on the matter of freeing for domestic usages commercially produced nitrogen which heretofore has been shipped overseas. He has made a strong fight in this direction and I have joined with him on numerous occasions likewise in pushing this matter vigorously.

Many farmers in north Louisiana are extremely short of nitrogen fertilizer during the current crop year. They have been writing me letters pleading for additional stocks and supplies and I have recently worked with the Agriculture Department and the Commerce Department in obtaining the cancellation of certain allocations of nitrogen which had previously been designated to Finland. Already some of our farmers have received the benefit of this cancellation but the shortage of nitrogen fertilizer has become even more acute as the summer progresses. The action today of this House will result in making available an additional amount of this material badly needed by the farmers of the agricultural section of the South.

Mr. WOLCOTT. Does the gentleman from Kentucky desire more time?

Mr. SPENCE. No.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to. A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Missouri [Mr. FLOESER] may be given indefinite leave of absence due to urgent personal and family reasons.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD following the statement made by the gentleman from Michigan [Mr. Wolcott].

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD following the statement made by the gentleman from Mississippi [Mr. ABERNETHY].

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

FLOOD CONTROL ACT OF 1948

Mr. DONDERO. Mr. Speaker, I move that the House resolve itself into the

Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6419) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6419, with Mr. FULTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DONDERO. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I take this opportunity to express to the members of the Public Works Committee on both sides of the aisle my very deep and sincere appreciation as chairman of that committee for their splendid cooperation, and their courteous consideration in the preparation of the projects which are contained in this bill, as we bring it to the floor of the House for consideration today.

The chairman of this committee, like a number of the members of the committee, served his apprenticeship under the able and distinguished former chairman of the Rivers and Harbors Committee, the late lamented Joseph J. Mansfield, of Texas. It was my privilege to serve under him for 14 years, for many of those years as the ranking minority member. I greatly admired and respected him for his integrity, his ability, and his statesmanship in the consideration of rivers and harbors projects for a decade and a half.

The bill which the committee brings to the floor today is an unusual bill in several respects. First, it is the smallest bill to come to the House for consideration for more than a quarter of a century, small in number of projects and small in the total amount involved.

The bill contains 45 projects, 32 of which are rivers and harbors projects and 13 flood-control projects. They are distributed among 21 States of the Union and the total amount of money involved is less than \$44,000,000.

When the committee considered the projects to go into this bill, it had in mind two things: First, those projects which fell into the category of emergency or where the conditions were of a very acute nature, and, second, such projects as would yield back to the people of the country great benefit for the amount of money expended. Certain of the projects in this bill will return a benefit of \$5 for every dollar to be expended in their construction.

May I say at this juncture that there are many projects in numerous districts of the country that could very well have been included in this bill. But there was no necessity for a large bill. I call to the attention of the Members of the House who have projects in their districts which may not be included in this legislation, that another Congress will be here within the next 7 months to consider such other projects as may be deemed wise for construction. Having

in mind the financial condition of the land it was thought best that no large omnibus rivers and harbors, and flood-control bill should be presented; secondly, I might cite as an additional reason that the backlog of projects already authorized and awaiting appropriations for their construction is of such magnitude that the absolute necessity for this bill could not be justified. But the committee believed that a small bill, of small projects, was proper to present to the Congress, as I have just indicated, either where conditions were acute or where an emergency existed.

I might add one more thing. The bill comes to the House without any controversy, by a unanimous vote of the committee. Every project in this bill has had the careful consideration of the Board of Army Engineers, the Chief of Engineers, then the proper subcommittee of the Public Works Committee, under the able leadership of the ranking majority members, the gentleman from Oregon [Mr. ANGELL], for rivers and harbors projects, and under the able gentleman from Indiana [Mr. WILSON], the chairman of the Subcommittee on Flood Control. In addition to that, it might be of interest to call attention to the fact that in the last 25 years the commerce of the United States—and I mean by that that water-borne commerce—has almost doubled. I ask you to listen to this record of increase in water-borne commerce of our country.

In 1920 it was 399,000,000 tons, in 1925 it was 483,000,000 tons, in 1930 it was 520,000,000 tons, in 1935 it was 453,000,000 tons, in 1940 it was 607,000,000 tons, and in 1945 it was 618,000,000 tons.

That simply indicates the vast increase in the commerce of our country and requires that these rivers and harbors, and flood-control projects be given not only attention but that they be improved in many instances to accommodate the deep-draft vessels built during the war. It is vital and necessary that some harbors and channels be deepened, widened, and extended in order to accommodate those ships of a new era in the Nation's history.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Mississippi.

Mr. COLMER. I just wanted to commend the distinguished chairman of the committee upon the statement that he just made, because while we realize that it may not be the appropriate time for great public-works programs in the development of rivers and harbors and flood control, and so on, at the same time those existing projects, where they do not have sufficient water in depth and width in the channel for these vessels to navigate, that it is absolutely essential and necessary that these improvements be made.

Mr. DONDERO. The gentleman is entirely correct.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. LARCADE. Mr. Chairman, it is most unusual for a flood-control bill to be considered with our colleague the gen-

leman from Mississippi [Mr. WHITTINGTON] not being present to make a presentation on the part of the Democratic side; however, due to unusual circumstances, our colleague is absent with good reason. He is in Mississippi where he is addressing the graduating class of his college, where he likewise graduated 50 years ago, and while he is not present here today, his hand and guidance will be disclosed in the record of the hearings on the bill which we are now considering.

The gentleman from Mississippi [Mr. WHITTINGTON] has delegated the gentleman from Tennessee [Mr. DAVIS] to place in the RECORD a statement in connection with H. R. 6419, and this will be done.

Mr. Chairman, as one of the members of the Public Works Committee, I desire to commend the chairman of our committee, the gentleman from Michigan [Mr. DONDERO], and the chairman of the Subcommittee on Rivers and Harbors the gentleman from Oregon [Mr. ANGELL], also the chairman of the Subcommittee on Flood Control, the gentleman from Indiana [Mr. WILSON], on the result of their labors on this bill and in the committee. Leadership entails responsibilities, and they have discharged their obligations.

Mr. Chairman, as one who represents a district and State susceptible to perennial floods, I have been greatly interested in flood control and rivers and harbors legislation since I have been a Member of the Congress. Before the Reorganization Act of 1946, I had been successful in obtaining membership on both the Rivers and Harbors and Flood Control Committees of the House, and when these committees were absorbed by the Public Works Committee, I was again successful in keeping my place on that committee to give such service as was possible by virtue of my membership on that committee to my district, State, and Nation.

The other provision carried in the bill and which is also covered in the committee report is in respect to making authorization for funds for emergency situations which will not necessitate a special authorization each time that there occurs a flash flood or other flood which requires funds in the hands of the Corps of Engineers for immediate relief. These situations must be met, and if funds are not available for immediate relief, delays entailed in setting the legislative machinery in motion to act, cause undue hardship and in the end are more costly than by having funds available for such purposes.

In this connection, I wish to express my appreciation to the officers of the Corps of Engineers for their interest, cooperation, and work in their appearances before our committee, as well as for the manner in which they perform their tasks when called upon, and I have just learned with regret that one of the outstanding men who has been serving as Chief of the Corps of Engineers, General Wheeler, has reached the statutory age where it is necessary for him to retire.

Mr. Chairman, this distinguished Chief of Engineers, General Wheeler, has served his country in peace with the same distinction and honor which he

served his country in war, and I know that all of our members of the committee and all of our colleagues who have come in contact with General Wheeler join me in expressing their regrets in his retirement, and wish for him continued success and happiness in the days to come.

While it is true that in the particular bill under consideration there are no authorizations for Louisiana, I desire to say that the Congress has been considerate of the problems which confront us and has given approval to legislation and appropriations to help protect Louisiana from the ravages of floods which have cost us so much in destruction of property and loss of lives, and while there is yet much more to be done to protect us before we can feel safe from the recurring floods, we are sympathetic to the problems of all of the other States and desire to assist in any way possible to give them the same consideration and protection which we ask.

Mr. Chairman, it is not necessary for me to call to the attention of the House the fact that the waters from 32 States must pass through Louisiana and find their way to the Gulf and while other States have similar problems from time to time, I do not believe that many of the other States have the same constant threat and are visited with disaster as often as has our State, but I repeat that flood control is a national problem and wherever and whenever any protection or relief is needed by any part of the Nation, it is our duty to give protection and relief to that section of the country, and the only manner in which to accomplish this, in my opinion, is to make annual substantial appropriations for all parts of the country which need protection and relief.

Having been one of those who has consistently voted against giving the resources of this country to foreign nations, I can well argue that it is our obligation to use these resources for the protection of our own people and our own country.

Our distinguished chairman has called our attention to the very small amount of appropriations which will be involved in the authorizations under the bill under consideration, and while it is commendable to be economical, I feel that we could well afford to make authorizations and appropriations for flood-control and rivers-and-harbors projects to protect the property and lives of our own country and people rather than be more solicitous about the welfare of other foreign countries.

Mr. Chairman, there are two points in the report of the committee which strike me as being of special importance in connection with this bill. The first is in respect to the attention given to the deepening of the channels of our rivers and ports to accommodate the new modern, large tankers and ships of our merchant marine. The committee recognizes these are facts which confront us due to the increased size and draft of ships now in use, and is a problem which must be met from an economic and practical standpoint.

Mr. DAVIS of Tennessee. Mr. Chairman, I ask unanimous consent that the gentleman from Mississippi [Mr. WHIT-

TINGTON] be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. WHITTINGTON. Mr. Chairman, before discussing briefly the pending bill, as the ranking member of the Committee on Public Works, I would like to make public acknowledgment in behalf of the committee to the distinguished chairman, the gentleman from Michigan [Mr. DONDERO] for his uniform courtesy, patience, and fairness in all hearings, and in the consideration of all bills that have come before the committee. The chairman has familiarized himself with all matters that have been considered by the committee. I pay not only a deserved tribute to his ability, but to his fairness in the conduct of the work of the committee.

I would also like to say that the chairman of the Subcommittee on Rivers and Harbors, the gentleman from Oregon [Mr. ANGELL] and the chairman of the Subcommittee on Flood Control the gentleman from Indiana [Mr. WILSON] conducted full hearings with opportunities to those who advocated and opposed the projects that were submitted to the Subcommittees on Rivers and Harbors and Flood Control. They, too, were courteous, fair, and considerate.

The pending bill is the first river and harbor and flood-control bill submitted to the House during the Eightieth Congress. It will be remembered that prior to the Reorganization Act authorizations for rivers and harbors were reported by the Committee on Rivers and Harbors, and authorizations for flood control by the Committee on Flood Control. The measure under consideration is for very modest authorizations. Hearings were conducted. Published hearings are available to the Members of Congress, and there is a full report with a description of the projects and analysis of the two titles to the bill.

TITLE I

Title I is known as the River and Harbor Act of 1948. It authorizes the projects enumerated at an estimated cost of \$20,887,900. It provides for the preliminary examinations and surveys described in the bill. All of the projects have been reported by the Chief of Engineers and recommended for adoption by the Congress.

TITLE II

Title II is known as the Flood Control Act of 1948. It authorizes projects few in number. The estimated cost aggregates \$22,875,000. All of the projects are covered by reports that have been published and are available to the Members of Congress. The projects are described in the report of the committee. In all of the projects, the benefits exceed the cost. The smallest authorization is for \$100,000. The largest authorization is for \$7,770,000.

The report contains an analysis of the bill.

PRELIMINARY EXAMINATIONS AND SURVEYS

In addition to authorizations for the construction of projects, the bill provides for the preliminary examinations and

6. ADJOURNED until Mon., June 7 (p. 7392). Legislative program, as announced by Majority Leader Halleck: Mon., D. C. legislation and displaced-persons bill; Tues., consent calendar, private calendar, and displaced-persons bill; Wed., independent offices appropriation bill, price-support bill; balance of week, CCC charter, selective service, etc. (p. 7386).
 7. WORLD HEALTH ORGANIZATION. Received from the President (June 2) a supplemental appropriation estimate of \$1,915,000 for U.S. participation in the World Health Organization; to Appropriations Committee (H.Doc. 688).
- SENATE
8. GOVERNMENT CAFETERIAS. The Post Office and Civil Service Committee reported without amendment S. 2779, to establish a Government corporation to operate cafeterias and conduct certain other activities in Government buildings and on Government property (S.Rept. 1507) (p. 7307).
 9. FARM LOANS. The Agriculture and Forestry Committee approved for reporting (but did not actually report) H.R. 6114, to amend the Bankhead-Jones Farm Tenant Act so as to increase the rate of interest on title I loans, provide for redemption of nondefaulting insured mortgages, and authorize advances for preservation and protection of the insured-loan security (p. D592).
 20. ALCOHOL PLANTS. The Agriculture and Forestry Committee approved for reporting (but did not actually report) H.R. 6096, transferring to USDA the Government-owned alcohol plants at Muscatine, Iowa, Kansas City, Mo., and Omaha, Nebr. (p. D592).
 21. BALER TWINE. Sen. Butler, Nebr., explained the use of and the need for duty free baler twine (pp. 7310-1).
 22. SUGAR CANE PAYMENTS. The Banking and Currency Committee approved for reporting (but did not actually report) H.R. 5174, to authorize CCC to make adjustment payments to certain producers of cane sugar in Puerto Rico and Hawaii (p. D592).
 23. FOREST LANDS. The Agriculture and Forestry Committee approved for reporting (but did not actually report) H.R. 6113, to transfer certain land in Langdale County, Wis., to the U.S. Forest Service (p. D592).
 24. EMERGENCY POWERS. Agreed to the conference report on H.R. 6659, to extend until June 30, 1949, certain allocation and export-import control powers (pp. 7291-3).
 25. LAND TITLES. The Agriculture and Forestry Committee approved for reporting (but did not actually report) S. 2418, to remove the 10-year limitation for adjustment of titles by the Secretary of Agriculture to land acquired by the U.S. (p. D592).
 26. MINERALS. The Agriculture and Forestry Committee approved for reporting (but did not actually report) H.R. 4856, to delay liquidation of mineral rights reserved to the U.S. as required by the Farmers' Home Administration Act of 1946 (p. D592).
 27. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 2517, to amend the Civil Service Retirement Act to provide benefits to survivors of employees who had leave to cover the period subsequent to death to Mar. 1, 1948 (S.Rept. 1468) (p. 7307).

28. GRAZING LANDS. The Interior and Insular Affairs Committee reported without amendment H.R. 6073, to provide for the acquisition of land for grazing and related purposes (S.Rept. 1497) (p.7307).
29. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 2286, to provide for nonreimbursable allocations on the Carlsbad Federal reclamation project (S.Rept. 1491); H.R. 3218, to authorize an emergency fund for the Bureau of Reclamation for payments to assure continuous operation of its irrigation and power systems (S.Rept. 1493); and S. 2171, to promote the interests of the Fort Hall Indian irrigation project, Idaho (S.Rept. 1502) (p. 7307).
30. SELECTIVE SERVICE. Continued debate on S. 2655, the selective service bill (pp. 7312-26).
31. ALASKAN DEVELOPMENT. Received from the Interior Department a draft of a proposed bill to authorize a program of useful public works for the development of Alaska; to Interior and Insular Affairs Committee (p. 7306).
32. AUDITING. Received the GAO audit of the Home Owners' Loan Corporation for the fiscal year 1947; to Expenditures in the Executive Departments Committee (p.7306).
33. SOCIAL SECURITY. Passed, 74-6, with amendments H.J.Res. 296, maintaining the status quo of certain social security benefits (pp. 7290-1, 7294-306).
34. RECESSED until Mon., June 7 (p. 7326).

BILLS INTRODUCED

35. FLOOD CONTROL. S. 2814, by Sen. Myers, Pa., to authorize the construction of flood-control works in the vicinity of Bradford, Pa. To Public Works Committee. (p. 7308.)
36. RELIEF. S.J.Res. 228, by Sen. Magnuson, Wash., authorizing and providing appropriations for disaster relief. To Appropriations Committee. (p. 7308.) Remarks of author (pp. 7308-9).
37. HEALTH. S. Res. 249, by Sen. Smith, N.J. (for himself and others), to continue the study of the health problems of the Nation. To Labor and Public Welfare Committee. (p. 7309.)
38. FLOOD CONTROL. H.J.Res. 420, by Rep. O'Hara, Minn., to authorize a sum not to exceed \$80,000,000 to provide adequate protection from flooding of the Minnesota River in the Minnesota River Valley. To Public Works Committee. (p. 7393.)

ITEMS IN APPENDIX

39. FOREIGN TRADE. Sen. Maybank, S.C., inserted the statement of W.P. Jacobs (American Cotton Manufacturers' Assn.) in favor of H.R. 6556, to extend the Trade Agreements Act (pp. A3707-8).
40. EMERGENCY CONTROLS; FERTILIZERS. Speech in the House by Rep. Wolcott, Mich., explaining, together with others, the possible effects on the fertilizer situation of the amendment to the Second Decentral Act to require the Army Department to supply 50% of the nitrogenous fertilizer for shipment to nonoccupied areas (p. A3711).

out that those two friends, the State government and the Federal Government, are not taking care of them in accord with their actual needs because of the increased cost of living.

Our aged citizens are helpless, and we are responsible for their helplessness insofar as we have undertaken the responsibility of caring for them. Had we not done so, they would have been cared for by other methods, methods by which they were cared for prior to the adoption of the social-security program.

This responsibility is a grave one. We do not give it sufficient consideration in the Senate. It seems that every time a Senator who is deeply interested in the subject wants to give consideration to increasing old-age pensions the time is limited or other Senators claim that the subject is not germane to the bill under consideration. If bills are introduced they fail to get through the committees.

In the meantime, we are very generous not only with the aged persons but with all other classes of people in foreign countries. That is the policy which has been adopted by the Congress. We give billions of dollars to foreign countries. When the Marshall plan was under consideration in the Senate, on March 13, I offered an amendment which would allow an increase to the senior citizens of our own country in exactly the same amount that our Government was giving to Great Britain for the purpose of providing a food subsidy to all the citizens of Great Britain. I produced an article which appeared in the public prints showing that the British Government was issuing a food subsidy which amounted to 70 cents a day to every man, woman, and child in the British Empire. It totaled \$21 a month. That was undisputed. Twenty-one dollars a month of our tax dollars went to each individual citizen of Great Britain—not only to the aged citizens, the blind, and the dependent children, but to wealthy citizens. It went to everyone, regardless of his financial status or age, from the day-old babe to the oldest person living.

Inasmuch as we were about to pass that multibillion-dollar bill, designed to deal generously with the citizens of a foreign country with reference to food subsidies, I thought we might at the same time consider augmenting the food bills of our own aged citizens. Therefore I offered the amendment to which I have referred.

The estimate given to me at that time by the Government agency was that there were in the United States 2,297,995 aged pioneer citizens drawing pensions. The estimated cost of my amendment, to give an additional \$21 to each of those persons, would have been \$600,000,000, which was a very small amount compared to the billions of dollars we were then proposing to give away to foreign countries. It was stated that my amendment was not germane to the then pending measure. It was further stated that my amendment was one which should be given more complete consideration by some committee of the Senate. Although those criticisms of my amendment were made on the floor of the Senate, there was no objection to

having a record vote taken, and a yeand-nay vote was taken on that amendment at that time. Only 13 Senators voted for the amendment. Seventy-three Senators voted against it.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. O'DANIEL. I am glad to yield to the Senator from Colorado.

Mr. MILLIKIN. Let me ask what would be the cost of the Senator's substitute.

Mr. O'DANIEL. I am not offering a substitute, Mr. President. I am talking about an amendment previously offered to the Marshall plan.

Mr. MILLIKIN. Is the Senator offering an amendment to the amendment now pending?

Mr. O'DANIEL. The Senator from Texas is not offering this as an amendment, because of the limited time for debate. I should like very much to offer the amendment; but some of the authors of the amendment now pending have suggested that its adoption might be interfered with if I attempted to offer a substitute. Certainly I do not wish to do anything on the floor of the Senate which will interfere with the adoption of the amendment offered by the Senator from Arizona [Mr. McFARLAND] and other Senators.

The PRESIDENT pro tempore. The time of the Senator from Texas has expired.

Mr. O'DANIEL. Mr. President, let me ask the Senator from Arizona if I may have a few minutes more.

Mr. McFARLAND. I yield to the Senator from Texas whatever additional time he desires.

Mr. O'DANIEL. Mr. President, I am simply discussing the amendment I previously offered, so that all may know that I am in favor of going much further with respect to taking care of these destitute and aged citizens of our country than is proposed to be done under the amendment now pending. But time does not permit me to go further with the matter at this time.

Consequently, I am lending my wholehearted support to the amendment offered by the Senator from Arizona which, as he very ably stated yesterday on the floor of the Senate, is at least half a loaf, and of course it is better to take half a loaf if it is not possible to get a whole loaf.

So I am supporting the amendment, and I trust that all Members of the Senate will realize the need of the aged citizens of our country and will lend their aid to the pending amendment.

The PRESIDENT pro tempore. To whom does the Senator from Arizona yield?

Mr. McFARLAND. Perhaps the Senator from Colorado wishes to yield to some Senator at this point.

The PRESIDENT pro tempore. The Senator from Colorado.

Mr. MILLIKIN. Mr. President, the Senator from Colorado has no Senator to yield to at the present time. He will be very glad if the proponents of the McFarland amendment will move forward with it.

Mr. McFARLAND. Mr. President, the Senator from Arizona is in the same position as the Senator from Colorado. One of the difficulties, of course, in view of the stipulation that a vote shall be had at a definite time, is that it is not always possible to have on the floor of the Senate, Senators who desire to speak.

If any Senator now present would like to speak on the amendment, I shall be glad to yield time to him.

Mr. REVERCOMB. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. REVERCOMB. Under the agreement, as I understand it, beginning at 1:30 all amendments which have been submitted to the joint resolution will be voted upon. Does that mean that if a proposed amendment is sent to the desk—of course, we cannot call it up until the present amendment is disposed of—but if an additional amendment is sent to the desk and is there at 1:30, can it be considered then?

The PRESIDENT pro tempore. The Senator may propose any amendment he desires to propose, and it will be laid down at 1:30, subject only to the limitation that it must be germane.

Mr. WHERRY. Mr. President, if neither of the Senators in charge of the time wishes to use any of the time allotted to them, let me suggest to the distinguished Senator from West Virginia that if he intends to propose an amendment, he might do so now.

The PRESIDENT pro tempore. The Senator from West Virginia could not do so without a release of time to him from one or the other of the two principals.

Mr. REVERCOMB. Mr. President, I do not care to do so at this time.

TEMPORARY EXTENSION OF CERTAIN PRESIDENTIAL POWERS UNDER SECOND DECONTROL ACT OF 1947—CONFERENCE REPORT

Mr. WHERRY. Mr. President, there is ready a conference report which can be handled now, if both parties agree to release some of the time for that purpose.

Mr. MILLIKIN. How much time will the conference report take?

Mr. WHERRY. I must ask the Senator from Vermont.

Mr. FLANDERS. I had suggested that I would not submit the conference report on the Second Decontrol Act until the vote had been taken on the social-security joint resolution.

Mr. WHERRY. Could the conference report be presented now?

Mr. FLANDERS. Yes.

Mr. MILLIKIN. Mr. President, let me ask how much time the conference report will take?

The PRESIDENT pro tempore. The Chair recalls that under a similar circumstance, the Senator from California once arose and said that if there was nothing else to be discussed, he would be glad to speak about California, where the sun sets reluctantly. [Laughter.]

Mr. FLANDERS. Mr. President, if there is nothing else to be discussed, I should like to talk about nitrates and nitrogenous substitutes.

The PRESIDENT pro tempore. Does the Senator from Colorado yield for this interesting interlude? [Laughter.]

Mr. MILLIKIN. Let me ask how much time the conference report will require.

Mr. FLANDERS. I should say not more than 5 minutes.

Mr. MILLIKIN. Very well; I yield that much time.

The PRESIDENT pro tempore. The Senator from Vermont is recognized for 5 minutes.

Mr. FLANDERS submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6659) to continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That subsection (b) of section 1501 of the Second War Powers Act, 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, Eightieth Congress), and as further amended by the Act of February 28, 1948 (Public Law 427, Eightieth Congress), is hereby amended by striking out 'May 31, 1948' and inserting in lieu thereof 'June 30, 1949'. Subsection (b) (1) (C) of such section 1501 is hereby repealed. Subsection (b) (1) (E) of such section 1501 is hereby amended by inserting before the semicolon at the end thereof a comma and the following: 'and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export: *Provided, however,* That 50 per centum of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials or nitrogenous compounds (including anhydrous ammonia) produced in plants operated by or for the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce and sell such nitrogenous fertilizer materials and nitrogenous compounds (including anhydrous ammonia) to fill such 50 per centum of such export requirements'. Subsection (c) of such section 1501 is hereby amended by striking out 'May 31, 1948' and inserting in lieu thereof 'June 30, 1949'.

"SEC. 2. The provisions of this Act shall take effect as of the close of May 31, 1948, and all regulations, orders, directives, directions, requirements, and delegations issued under title III of the Second War Powers Act, 1942, as amended, which were in effect on May 31, 1948, shall be in effect in the same manner and to the same extent as if this Act had been enacted on May 31, 1948, and any proceeding, petition, application, or appeal which was pending on May 31, 1948, under such title III, as amended, or under any regulation, order, directive, or direction issued thereunder, shall be proceeded with and shall be effective in the same manner and to the same extent as if this Act had been enacted on May 31, 1948: *Provided,* That in any case in which such title III, as amended, or any regulation, order, directive, direction, or requirement issued thereunder, prescribes any period of time within which any act is required or permitted to be done, and such

period had commenced but had not expired on May 31, 1948, such period is hereby extended for a number of days equal to the number of days from June 1, 1948, to the date of the enactment of this Act, both inclusive: *Provided further,* That no act or transaction, or omission or failure to act, occurring subsequent to May 31, 1948, and prior to the date of enactment of this Act, shall by reason of the enactment of this Act, be deemed to be a violation of such title III, as amended, or of any regulation, order, directive, or direction issued thereunder."

And the Senate agree to the same.

RALPH E. FLANDERS,
C. D. BUCK,
BURNET R. MAYBANK,
By R. E. F.

Managers on the Part of the Senate.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
FREDERICK C. SMITH,
JOHN C. KUNKEL,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

Mr. FLANDERS. Mr. President, I ask unanimous consent for the immediate consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

Mr. FLANDERS. Mr. President, the managers on the part of the House recommended that the House recede from its disagreement to two of the four items in respect to which the bill as passed by the Senate differed from the bill as passed by the House.

First, they agreed to extend the control period to June 30, 1949, instead of to February 28, 1949.

Second, they agreed not to repeal the provisions of existing legislation which authorizes the President to use price criteria in the licensing of exports.

After full discussion, the conferees on the part of the Senate found it necessary to accept the House version of the bill with regard to the remaining two points in dispute.

The general effect of the House provisions on those two points is as follows:

First, they remove as of the close of May 31, 1948, controls over cinchona bark and quinidine which had been authorized by the Second War Powers Act of 1942, as amended by the Second Decontrol Act of 1947 and by Public Law 427, Eightieth Congress, approved February 28, 1948.

Second, under existing law the President is authorized to exercise import controls over nitrogenous fertilizer materials and to establish priority in production and delivery of such materials for export. The effect of the bill agreed upon in conference would be to add to such authority the power to exercise controls over nitrogenous compounds, including anhydrous ammonia, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for export. The bill as agreed upon in conference would also require the Department of the Army to supply 50 percent of the export requirements of nitrogenous fertilizer materials to nonoccupied areas out of such materials or nitrogenous compounds, including anhydrous ammonia, produced in plants operated by or for the Department of the Army. Under the

bill agreed upon in conference the Department of the Army is expressly authorized to produce and sell the nitrogenous fertilizer materials and nitrogenous compounds, including anhydrous ammonia, required to fill 50 percent of the export requirements to nonoccupied areas.

In view of the fact that the control powers to which the bill relates, with the exception of those dealing with the use of transportation equipment and facilities by rail carriers, expired at the close of May 31, 1948, a new section was added to the bill to provide that this bill, when and if enacted into law, shall take effect as of the close of May 31, 1948, except that this provision making the legislation retroactive shall not have the effect of subjecting to criminal penalties any person who has acted during the period between the close of May 31, 1948, and the date of enactment of this legislation in such a manner as would constitute a violation of the provisions of the act in effect on May 31, 1948.

The Senate conferees are of the opinion that they have obtained the best compromise possible under the circumstances, and recommend immediate adoption of the conference report.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. MAYBANK. I wish to say to the Senator that we had a meeting in his office this morning, attended by representatives of the Army and the Commerce Department and various persons interested in promoting and increasing the supply of fertilizer material. From that discussion I received the impression that the Army would really do something about increasing production. Am I correct?

Mr. FLANDERS. The Senator from South Carolina is correct. The Army now say they are able to produce the 50 percent, but that they will require an authorization, not for an increase in the appropriation, but for a transfer of appropriation, which will come before the Committees on Appropriations of the Senate and the House.

Mr. MAYBANK. Was not the distinguished chairman of the House Banking and Currency Committee, the gentleman from Michigan [Mr. Wolcott], present at the meeting?

Mr. FLANDERS. The gentleman from Michigan [Mr. Wolcott] was present, and was a party to the negotiations.

Mr. MAYBANK. He was a party to the negotiations, and is one of those who believe that the supply of nitrates can be increased.

I should like to ask the Senator another question. I understand that for every ton of nitrogen the Army may produce to be sent to ERP or to the occupied and unoccupied areas of Europe, and for every ton we manufacture in this country, we expect a ton of nitrates to be imported into this country from Chile. Is that not true?

Mr. FLANDERS. That is correct. In other words, this measure protects the supply of nitrates to American agriculture.

Mr. MAYBANK. To the American farmer?

Mr. FLANDERS. To the American farmer; yes.

Mr. President, I should like to make one further observation, which is that in the report on the House bill it is suggested that the distribution of tin should be made equitably, and that has reference, though not exclusively, to the complaints of the makers of tin for steel wire that they are not being given adequate consideration.

The PRESIDENT pro tempore. The Senator's time has expired.

The question is on agreeing to the conference report.

The report was agreed to.

MORAL REARMAMENT CONFERENCE—ADDRESS BY DR. FRANK D. BUCHMAN

Mr. CAIN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Washington?

Mr. MILLIKIN. How much time would the Senator require?

Mr. CAIN. About 2 or 3 minutes.

Mr. MILLIKIN. I am glad to yield that much time.

Mr. CAIN. Mr. President, through the kindness of the Senator from Colorado, I am permitted to submit a unanimous-consent request.

I should first like very briefly to call the attention of the Senate to a unique international conference now in session in California. I refer to the world assembly for ideological preparedness being held in connection with the tenth anniversary of moral rearmament. It opened last night in the Hollywood Bowl and will continue next week in the Mission Inn in Riverside. The United States Congress is being represented by Representative ANTON J. JOHNSON, of Illinois.

We on the west coast are particularly proud and pleased that our section of the country has been selected as the site of this significant assembly.

I am also happy to say that the statesmen from other countries who have come to the United States to participate in this assembly were invited by a group of 82 Senators and Representatives, including myself. Several of our offices have been flooded with cabled replies from national leaders in a score of countries, giving graphic evidence of their conviction as to the effectiveness of this world force in inspiring the democratic countries with a unifying ideology.

Last fall, Mr. President, I had the privilege, along with other members of the Appropriations and Displaced Persons Committee of the Senate, to observe in Europe the work of moral rearmament at first hand. My colleagues and I were particularly impressed with the story told us by a group of British miners of the marked increase in the production of coal in the areas where MRA had been at work in providing a new incentive and heightening the spirit of co-operation on the part of both labor and management. Their work in the field of cementing the relations between democratic nations also has been remarkable.

The initiator of this world-wide program is Dr. Frank N. D. Buchman. To-

morrow marks the seventieth birthday of this great America who perhaps as much as any other citizen of our country, has fought through the years to give the best of our American heritage and an awakened sense of Christian democracy to the peoples of the world.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the address which Dr. Buchman delivered at the opening session of this world assembly before an audience of 30,000 people in the Hollywood Bowl last night and which has been broadcast and is being rebroadcast to every corner of the earth. The address is entitled "The Answer to Any Ism—Even Materialism."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE ANSWER TO ANY ISM—EVEN MATERIALISM
(World broadcast by Dr. Frank N. D. Buchman from the Hollywood Bowl on the occasion of the tenth anniversary of moral rearmament)

Everywhere men long for peace and prepare for war. They long to rebuild and prepare to destroy. They plan for new prosperity and expect fresh disaster.

What is the missing factor in the planning and statesmanship of the world today?

It is our lack of an ideology for democracy. We say, we are democrats, we need no ideology.

So we try to meet the united plan and passion of alien ideologies with talk and with lip service to high ideals and with a last resort to force. And we hope to live as we have always lived—selfishly, comfortably, and undisturbed.

We have all lived too long in an atmosphere of imagining that security, prosperity, comfort, and culture are natural to man.

We forgot the eternal struggle between evil and good, victory in which brings the blessings of security and prosperity. But defeat in this struggle, and even ignorance of it, brings poverty, hunger, slavery, and death.

It takes more than diplomacy to exorcise evil. It takes more than lip service to fight for God. Statesmen talk about the answer. They talk of union. But disunity increases. They talk of moral values. But immoral policies prevail. They use these words which the hard logic of events has proved true. But it remains words. These men do not face the cost in their own lives and the life of their nations of giving an answer.

An extreme of evil must be met with an extreme of good. A fanatical following of evil by a passionate pursuit of good.

Only a passion can cure a passion. And only a superior world-arching ideology can cure a world divided by warring ideologies.

We Americans have been lulled into a false security by believing that all the "isms" are across the sea.

Isms grow from unsolved problems in the life of men and nations. One man's hate kindles a million hates. One man's suspicion explodes a million suspicions. It spreads like a prairie fire, or it creeps like a flame underground to burst out unexpectedly in a hundred places.

Is America free from hates, fears, suspicions, greed?

Why is our record of broken homes so high? How about industrial strife?

Are we victims of the greatest "ism" of all? Materialism.

Is materialism the mother of all the isms? Is materialism becoming our national ideology?

We stretch out generous hands to help Europe and Asia economically. But ma-

terialism frustrates our best intentions. Prices rise, money is worth less. Troubles in industry cut down the supply of goods. At the moment when our strength is most needed abroad we may find ourselves in our greatest crisis.

The other isms are banking on that. They wait for their time. They know that money, food, and clothes alone will not save Europe; that material things may make nations just strong enough to become tools in their ideological conquest of the world.

Ten years ago moral rearmament was born. What have we learned in these 10 years?

We have learned that democracy without an ideology can win a war but cannot build a peace; that ideological preparedness is the talk of the whole Nation, and that the one sure basis of national strength—moral, military, and economic.

Today MRA offers the democracies and the whole world the superior armament of an ideology, without which armies are outfought and statesmen are outthought.

Moral rearmament has grown in 10 years to the stature of a world answer to any ism—even materialism. In the words of a British coal miner, "Moral rearmament is the answer to every ism ever invented." It is for everyone, everywhere. It has restored for millions the simple sanctities of home and honor, and given hope for a new world. It has built the world organism that can make a reality of this hope.

Let me cite a few proven facts of the past 12 months. One hundred and fifty leading Germans came to the world assembly for moral rearmament in Caux, Switzerland. General Clay in Berlin and Lord Pakenham in London made their visit possible. These Germans found the answer to nihilism and to an ideologically broken nation. An allied official, military governor of Cologne said, "Moral rearmament is the ideal solution for Germany." A leading German Socialist, a former minister-president said, "If Europe is to be saved, it must be saved in the spirit of moral rearmament."

The first democratic handbook by Germans giving the answering ideology was produced by these men. It is going out far and wide even behind the Iron curtain. Sweden gave 100 tons of paper because she saw her security lay in a new spirit in Germany.

French industry—battlefield of the ideologies—has found a uniting force. An employer, heading an organization of employers of 600,000 workers, fought labor. The head of all the Socialist women of France mistrusted management. These two saw the new battle line—for or against democracy's inspired ideology. They met. They changed. They apologized, and are working together. Thousands rally to them. They speak not of revolution, not of reaction, but of renaissance—the rebirth of a nation, the rebirth of a continent.

Italy—focus of an anxious world. Two hundred Italians including 26 members of the Italian Parliament from 5 different parties came to the moral rearmament conference last summer. The Christian Democrat and the Socialist learned to work together. A Socialist said, "It is a miracle. Our parties can get together in the same way as we have." Is that one of the secrets of the Italian elections?

Britain—production is returning. But what is her greatest problem today? After seeing the moral-rearmament program in the coal fields of Britain a mine manager said, "Moral rearmament fills the emptiness and gives the dynamic we need." Lord Nuffield, the genius of Britain's automobile industry, sent this message to the moral-rearmament program at the time of the British Industries Fair, "We must be prepared to face man-made problems which beset us by bringing into our personal, family, and industrial lives in full measure the principles of truth, integrity, unselfishness, and compassionate understanding of the other man's problems."

What is the common factor in all this good news? It is union—the almost forgotten solution to all our problems today.

Division is the mark of our age. Division in the heart. Division in the home. Division in industry. Division in the nation. Division between nations.

Union is our instant need.

Division is the work of human pride, hate, lust, fear, greed.

Division is the trade-mark of materialism.

Union is the grace of rebirth. We have lost the art of uniting because we have forgotten the secret of change and rebirth.

Moral rearmament is the good road of an ideology inspired by God upon which all can unite.

Catholic, Jew, and Protestant, Hindu, Moslem, Buddhist, and Confucianist—all find they can travel along this good road together. It lifts them above their differences to the level of a superior ideology.

I called on a great leader in his time of deep sorrow. He gave me these words of Fulton Sheen, "What the world needs today is not to plead for religious unity so much as to plead for the unity of religious people." Those are the words of a great Catholic leader.

The Jew has his pristine contribution in the words of the great prophet leader Isaiah, "Nations shall run unto thee because of the Lord thy God," and "Great shall be the peace of thy children." And in the words of the psalmist, "Great peace have they which love Thy law; and nothing shall offend them."

And what does Islam say? The Foreign Minister of Pakistan, Sir Zafrullah Khan, sent me this word, "Among my friends of MRA I have been delighted to observe the constant striving after discovering God's plan and purpose and putting their lives in accord with it. I am convinced that it is only through sincere and sustained effort in that direction that mankind can win through to its true redemption."

Is that the medium of approach for the Palestine problem?

It is so easy to have these great truths lost in prejudice. "Behold how these brethren fight one another" says the world. But it should be, "Behold how these brothers love one another."

The Bishop of Tammerfors in Finland came to see that great ideological play "The Forgotten Factor" in his own land and language. He was afraid a play might not be the right medium. He came. He wept. He said, "This must go to everyone." After the first act he telephoned a well-known industrialist who came straight to the theater. As a result the cast was asked to show the play for a whole month.

What a joy must have possessed this bishop who leery and almost against his will decided to come, and found the thing he most longed for for his nation—an over-arching ideology.

And what does India say? The Minister of Labor in Bombay Provincial Government, took this word back to the leaders of his country and to the millions of India's workers, "Here is the force that can change selfishness and greed and all that is wrecking the spirit and soul of people. Until I met moral rearmament I had not felt confident that there was an idea which could be applied universally as an adequate answer."

Labor here in California says the same. They see this great principle of changing and uniting on the level of an answering ideology. It led a group of labor leaders to go to management and offer their services free for the filming of our play *The Good Road*. I didn't ask them to do it. They saw a tremendous part they could play and they took the initiative. Isn't this the freer atmosphere in which we all need to move? Isn't this the dignity of labor?

Think of strikes today; 75,000 men—100,000 men. No one thinks much about strikes.

True, the President says they may have national repercussions. Economists give us grave warnings. But do we see that strikes can be the entrance for one of the "isms"? Is it materialism in the thinking and living of both management and labor—and of you and me?

Think of America destroying herself with the very thing she condemns in others.

And how about France? Italy? The Po Valley? Do they understand the language of an answer to strikes?

And what does the employer say? The representative of one of the greatest aircraft manufacturers in California told us, "Until I saw your work, I thought the answer to materialism was dead with St. Francis."

Now make no mistake. I do not say that this message will be wholly popular. It stirs the conscience. That is uncomfortable. It will always be open to misinterpretation by those who wish to escape it. But it comes as illumination to those who are ready.

Let me tell how it came to me. Just 40 years ago I was divided. Just as nations today are divided. Materialism was winning its battle in my heart. I went to Europe to try to escape. But my battle came with me. One day, in England, God showed me the cost of my pride and my materialism. I admitted it. That is the first step. Get honest.

I said, "Sorry"—first to God, then to those I had wronged. That is the second step.

I learned to listen to God. I accepted His commission to bring an answer to men and nations. That is the third step.

God is calling men everywhere to be the instruments of union. It comes not by conferences, not by laws, not by resolutions and pious hopes, but by change.

Change is the heart of the superior ideology.

As individuals change, a new climate comes to the Nation's life. As leaders change, policies become inspired and the Nation's life-blood flows again. As statesmen change, the fear of war and chaos will lift. The most difficult will respond to the firm, united but humble voice of reborn democracy.

Why should there be catastrophe again when, with God, renaissance is inevitable?

This is the new pattern of freedom for all nations. Shall it be a new Dark Age for Europe and the world? Or shall it be worldwide renaissance of the moral and spiritual forces everywhere, bursting into life and bringing at the last moment a miracle to mankind?

Which shall it be? The decision lies in your hands.

MAINTENANCE OF STATUS QUO OF EMPLOYMENT TAXES AND SOCIAL-SECURITY BENEFITS

The Senate resumed the consideration of the joint resolution (H. J. Res. 296) to maintain the status quo in respect to certain employment taxes and social-security benefits pending action by Congress on extended social-security coverage.

Mr. REVERCOMB. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from West Virginia?

Mr. MILLIKIN. May I ask for how long, please?

Mr. REVERCOMB. I should like about 15 minutes, if that is possible.

Mr. MILLIKIN. Fifteen minutes?

Mr. REVERCOMB. Or less, if that is transgressing upon the time of the Senator.

Mr. MILLIKIN. Would the Senator attempt to confine himself to 10 minutes?

Mr. REVERCOMB. I should be very happy to do that.

The PRESIDENT pro tempore. The Senator from West Virginia is recognized for 10 minutes.

Mr. REVERCOMB. Mr. President, I invite the attention of the Senator from Colorado, please, to my opening remarks.

On March 4 of this year I introduced in the Senate the bill (S. 2265) to amend title II of the Social Security Act in order to reduce the qualifying age for old-age and survivors' insurance benefits to 60 and broaden the old-age and survivors' insurance system to include benefits on account of disability, which was referred to the Committee on Finance. The bill has a twofold purpose. Its first purpose is to reduce the pension age limit from 65 to 60. The second purpose is to write into the social-security law an entirely new feature which would permit the payment of disability benefits to persons who become disabled at any age.

I can well understand that, as to the second part of the bill, it would require a great deal of study and probably much information, together with recasting of the law. As to the first part, it is quite simple, substituting the figure "60" for "65." So, Mr. President, I want to call to the attention of the Senate this morning certain very pertinent facts with respect to this phase of social security and to the bill which I have introduced, which is now pending before the Senate Finance Committee.

The reserve fund under social security has at this time in excess of \$9,500,000,000, I am informed. Seven hundred and two thousand persons are currently receiving old-age benefits. Approximately 880,000 additional persons are eligible, but they have not chosen to accept retirement benefits. A lowering of the age limit to 60 would make an addition of approximately 1,000,000 men and women eligible for old-age benefits.

I should like to address some remarks to the able Senator from Colorado, the chairman of the Finance Committee—we have discussed this subject before upon the floor—with respect to the bill which I introduced, which would lower the age limit from 65 to 60 years. The joint resolution now under consideration proposes to maintain the status quo in respect of certain employment taxes and social-security benefits pending action by Congress on extended social-security coverage. It seems to me that one of the very first subjects which should be considered under this resolution is a change of age limitation. We are finding throughout the country that in many employments men and women are often worn out and become frail before they reach the age of 65. They cannot carry on. The amendment would not require anyone to retire at the age of 65. Those who were blessed with health and strength could continue their employment; but there are many, particularly in industries which are very exacting with respect to physical strength, such as the mining of coal, work in steel mills, and other heavy industries, who find themselves broken in strength before they reach the age of 65. It seems to me that as we carry on this plan to care for the aged—and age is never the

and article 1 of the Constitution itself, which prohibits bills of attainder.

I have studied this bill carefully and also the debate upon it in the House of Representatives. I am much impressed by many of the arguments presented by the Congressmen who opposed the bill.

I agree with those who said that this bill represents a grave danger to the working men and women of our country. I especially agree with those who asked why we don't spend as much time praising our form of government as we do denouncing communism—and those who said why don't we do something about the things that may cause the spread of communism. I agree with those who said this is not a good bill because it is the same kind of legislation that drove Roger Williams out of Massachusetts into Rhode Island 300 years ago.

It is the kind of law that not only seeks to legislate how men shall think, but it also places inordinate power into the hands of nonelective officials. It even condemns in advance people who, for example, may wish to band together to work for the repeal of the bill should it become law. Under its broad and general terms about persons who in any manner do one thing or another—what is to prevent administrators of this law to declare an organization called Committee to Repeal the Mundt-Nixon Law a Communist-front organization and require it to register with the Department of Justice.

But I wish to state here that the arguments that most impressed me with regard to the Mundt-Nixon bill were those advanced by a great patriot and an able lawyer—Mayor William O'Dwyer, of New York City. They were sober and intelligent arguments. They were good American arguments. O'Dwyer said he considers this bill a "dangerous short-cut to thought control and police-state regulation" because it would establish the undemocratic and dangerous principal of guilt by association without proof of actual guilt. He pointed out that it empowers a Government officer to determine the subversiveness or disloyalty of any political, civic, or religious organization.

Mayor O'Dwyer went still further and courageously touched upon a subject that needs courageous discussion. He disagreed with his fellow Catholic War Veterans who criticized him for opposing the Mundt bill. He reminded them of some of the anti-Catholic intolerance that has existed and still exists in our country. To them he said: "It is not impossible to imagine a situation where a Ku Klux administrator in some local community that is hostile to the Catholic minority, might declare a Catholic organization subversive, disloyal, or subservient to a foreign domination. This may sound impossible, but the proposed bill opens the door and opens the door wide, to just such fantastic possibilities."

As a member of a church which has known persecution even in this free country, I understand something of what O'Dwyer warned against.

In conclusion, I would like to call attention to another fact that has been made very well known in the discussion for and against the Mundt bill. There are already some 27 laws on our statute books directed against the evils which the supporters of the Mundt bill say we must be protected. It would seem to me that there is nothing to be gained from passing a twenty-eighth law. On the contrary, it seems to me that there is danger of losing a great deal, if we do pass the law. We shall be losing much of our proud heritage as free men, dedicated to building and strengthening a country based on the fundamental political rights and freedoms embodied in our Declaration of Independence. Our country must never fear ideas—new or old. Our country must not fear the idealism of our own great revolution. We don't need restrictive laws directed against political op-

ponents, if we do not lose the conviction that here in the United States—with political and economic democracy for all, with absolute faith in democracy—with complete freedom from fear—we can keep ours the greatest and freest country in the world.

Temporary Extension of Certain Provisions of Second Decontrol Act, 1947

SPEECH
OF

HON. JESSE P. WOLCOTT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 3, 1948

Mr. WOLCOTT. Mr. Speaker, the most controversial provision in this bill and one that seems to be of much interest to a majority of the Members was with respect to the fertilizer control.

As stated in the conference statement, the provisions of the House bill prevailed, and the language agreed to by the conference was, in substance, the language agreed to by the House in the House bill.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SPENCE. Mr. Speaker, I think the conference report is a very happy solution of the problem submitted to the conferees. The requirement that 50 percent of the nitrogenous fertilizer materials for export to nonoccupied areas shall be furnished by plants operated by the Army will release, I am informed, 30,500 tons of pure nitrogen which will eventually mean 95,000 tons of ammonium nitrate or about 150,000 tons of ammonium sulphate or about 190,000 tons of sodium nitrate or about 750,000 tons of a 4 percent nitrogen mixed fertilizer to the farmers of the United States, which will go a long way to help them in the present predicament in which they find themselves.

This amendment was in the House bill, and no provision on the subject was in the Senate bill. The Senate concurred in this provision and I think we brought back a conference report that we can unqualifiedly commend to your favorable consideration.

Mr. PICKETT. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. PICKETT. I wish to ask the gentleman from Kentucky if the provisions of the conference report as interpreted in his statement in reference to the fertilizer situation mean that there is going to be no disturbance of the domestic allocation of the production of fertilizer over what now exists? And if it means further that the requirements for foreign export are going to be made up by the production that is required of the Army operated and owned plants mentioned in the amendment?

Mr. SPENCE. The provisions of the amendment do not categorically answer affirmatively the question of the gentleman from Texas, but I do think it is going to be administered in a liberal spirit in order to meet the needs of the farmers. We had before the committee

Mr. W. T. Hart, from the Commerce Department, who will administer this act, and he expressed great interest in seeing that adequate fertilizer materials were furnished to our farmers. I believe we have come to the conclusion that the bill as represented by the conference report will result in giving the farmers as near their requirements as possible could be done.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. CURTIS. I am very much interested in the fertilizer problem. How soon will this relief be effective as far as the domestic supply of fertilizer is concerned?

Mr. WOLCOTT. I think it should have an immediate effect upon the availability of fertilizer to the American farmer. The effect perhaps will not be felt in its fullness for a matter of 2 or 3 months, but surely it should ease the situation immediately.

Mr. CURTIS. It does mean the re-opening of these Government plants?

Mr. WOLCOTT. We have urged the expansion of production in the Government plants, or plants which would be operated by or for the Department of the Army, and I think it will have an immediate effect upon the availability of fertilizer for the American farmers.

Mr. HESELTON. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HESELTON. I wish to refer to the sixth paragraph of the statement of the managers, where the following statement is made:

It is intended that in the exercise of the distribution and use controls under this legislation, fair and equitable allocations shall be made.

The gentleman will recall that I appeared before the committee in connection with the difficulties of steel-wire users of tin, and the chairman and the members of the committee were most courteous in their consideration of the problem facing that segment of industry.

Is my interpretation correct that the managers intended to indicate that fair and equitable allocations should apply to the users of tin in the steel-wire industry?

Mr. WOLCOTT. Most decidedly; and the gentleman's problem was before the conference in respect to steel wire. I might say that this language in the report was agreed upon in consequence of the discussion which we had in relation the gentleman's problem.

Redeem Lincoln's Faith in the Wisdom of the People

EXTENSION OF REMARKS
OF

HON. HUBERT S. ELLIS

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 4, 1948

Mr. ELLIS. Mr. Speaker, under leave to extend my remarks in the Appendix of

the RECORD, I include the following editorial from the Times-Herald of June 4:

Gen. Douglas MacArthur last week politely turned down a formal request from the Senate appropriations committee to come to Washington this week and give Congress the benefit of his views on how much money should and should not be given to the armed forces.

The supreme allied commander in Japan said in his note of refusal that if he should return to the United States before the Presidential nominating conventions he would inevitably get mixed up in political demonstrations of one kind or another, and he wanted none of that.

Now, the Senate committee has virtually decided to respect General MacArthur's wishes in the matter, and not try to turn its previous request into an Army order which the hero of the Japanese war would have to obey.

What we've been getting around to is the fact that in his statement of last week MacArthur wound up with this sentence:

"Indeed, were I permitted to give but one word of advice toward the safeguard of national interest, I should elect to urge that we reaffirm the basic concepts which safely guarded our past, and above all else redeem some of Lincoln's faith in the wisdom of the people."

To which we'd reply: General, you never made a wiser remark.

This country was founded on the proposition that the people, within certain limitations on their passions and impulses, have a right to make their own mistakes. Inherent in that idea is the belief that the people will eventually arrive at sound decisions.

When the Democrats took over the White House in 1933, they proceeded to give this ancient American principle a kick in the teeth, and they have been kicking it consistently ever since. Their four administrations have been keynoted by Harry L. Hopkins' blarney, early in the first, to the effect that the people are too damn dumb to know what is good for them.

This idea is Communist in origin, and it is practiced consistently by the Kremlin.

President Truman, for 1948 election purposes, is frantically trying to disown the Communists and fellow travelers who have been lousing up Washington since 1933. But he can't get all or nearly all of them out of positions of power, because they have had a long time to dig in and camouflage themselves.

It follows that we'll never beat back to the Lincoln idea of "trust the people" with the present gang in charge of the executive branch of the Government. Only a change-over to a Republican President, backed up by a Republican Senate and House, can make that reform possible.

And—aside to the GOP—how about hammering on the Lincoln-MacArthur idea during the campaign, boys, and practicing this "trust the people" preachment if and after you win?

Administration of Greek-Turkish Relief Program

EXTENSION OF REMARKS OF

HON. WALTER NORBLAD

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Friday, June 4, 1948

Mr. NORBLAD. Mr. Speaker, the Economic Cooperation Administration, which is administering the European re-

covery plan, has heretofore taken over the Greek-Turkish program and it is being handled by them.

As one of their first acts, they have called for bids on hospital equipment for Greece and Turkey and specified, in the main, only the very best of equipment. In almost every case where they could and should use equipment similar to that in general use in hospitals and doctors' offices in the United States, they have instead asked for "luxury" items which cost four and five times the price of the normal, substantial, usable type.

The bid requirements for much of this equipment are all in stainless steel instead of the galvanized steel used generally in medical institutions in this country. Stainless steel is currently selling at about 39 cents a pound, while galvanized steel is selling at about 3 to 4 cents a pound.

Let us take the case of the conventional treatment chair which is found in every hospital, dispensary, or doctor's office and is used mainly for eye, ear, nose, and throat examinations and treatments. The usual enameled type made from galvanized steel and found in almost all American offices is listed at \$63.50. The stainless steel chair being purchased by the ECA for shipment to Greece and Turkey is listed at \$315.

Another example is that of a kitchen utility truck. This is a small cart used to carry garbage cans, pots, pans, and other containers around the kitchen. ECA asks for this truck in stainless steel which lists at about \$300, while the list price on the galvanized steel truck in common American hospital use is \$57.85.

ECA says it needs stainless steel dish trucks which are used to carry soiled dishes and which are listed at \$225.00 while we here generally use the galvanized variety quoted at \$47.50. The shining stainless steel truck, which transports trays in hospitals, is listed at about \$545.00 and is required by ECA, whereas the ordinary variety used by us lists at \$100.00.

ECA says that its dirty clothes hampers must be in stainless steel at a list price of \$61.60, while our hospitals use the same thing in galvanized steel at \$14.00.

Our hospitals and doctors would be delighted to have this fine, expensive equipment, but they cannot afford it. Certainly my doctor at home gets along very well with an examination chair of ordinary enameled steel and seems to be able to treat his patients as well as if he had one of the luxurious variety costing four times as much.

Examination of the hospital equipment catalogs show that the ECA is purchasing the most expensive equipment on the market.

Congress has approved of the aid program and I am certainly not trying to hamper it, but surely the durable, substantial type of equipment that we use should be very satisfactory rather than that found in a Park Avenue doctor's office. On a comparable basis, if the Turkish-Greek authorities, or those of any of the other European countries, ask for transportation, they will probably get all Cadillacs and not a single Chevrolet.

Our own veterans' hospitals have very little of this type of equipment as theirs is almost wholly made of galvanized steel. I believe that the Army hospitals are the only ones buying this more expensive equipment, and the only reason I can ascribe for the action of ECA is that they must be following the easy road of making copies of their specifications.

It is of interest to note that in making stainless steel, chrome and nickel are required. About 18 percent of chrome is used and about 8 percent of nickel in the type of stainless steel called for by the ECA. Both metals are produced almost wholly outside of the United States and about 30 percent of our supply of chrome is coming from Russia. Neither metal is needed to make the commonly used galvanized steel.

I call your attention to a letter which I this week directed to Mr. Paul G. Hoffman, head of the ECA. The letter follows:

MAY 31, 1948.

Mr. PAUL HOFFMAN,

Administrator, Economic Cooperation Administration, Washington, D. C.

DEAR MR. HOFFMAN: A shocking situation in connection with the Greek-Turkish relief program has just been brought to my attention, and, in my opinion, it should be immediately corrected. I refer to the bids recently closed on ECA specifications for the most expensive equipment listed in hospital supply catalogs. I am informed bids were not requested for the usual type of equipment found in almost all United States hospitals and physicians' offices, but specified only the very best.

On a number of items which I examined, the cost of those on your specifications were four to five times as high as the ordinary, serviceable, conventional types.

It is my sincere hope that there has been an error made by your administration in this regard, and that this was not intentionally done. Otherwise, the pattern set will certainly make the cost of the recovery program far in excess of anything contemplated and will be a huge waste of the taxpayers' dollar.

Your personal examination of this matter will be appreciated not only by myself, but I am sure, by all of our citizens who are responsible for the payment of this bill.

Very truly,

WALTER NORBLAD.

Greater care must be used in obtaining supplies under such appropriations as we shall vote for the ECA. Such careless procedures as has obtained under this hospital bid, cannot continue. The American public will not stand for it.

The Republic of Israel

EXTENSION OF REMARKS OF

HON. C. WAYLAND BROOKS

OF ILLINOIS

IN THE SENATE OF THE UNITED STATES

Friday, June 4 (legislative day of
Tuesday, June 1), 1948

Mr. BROOKS. Mr. President, on May 19, 1948, I asked permission to have printed in the Appendix of the CONGRESSIONAL RECORD an address delivered by the very able Brig. Gen. Julius Klein, national commander of the Jewish War

[PUBLIC LAW 606—80TH CONGRESS]

[CHAPTER 419—2D SESSION]

[H. R. 6659]

AN ACT

To continue for a temporary period certain powers, authority, and discretion conferred on the President by the Second Decontrol Act of 1947, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 1501 of the Second War Powers Act, 1942, as amended by the Second Decontrol Act of 1947 (Public Law 188, Eightieth Congress), and as further amended by the Act of February 28, 1948 (Public Law 427, Eightieth Congress), is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "June 30, 1949". Subsection (b) (1) (C) of such section 1501 is hereby repealed. Subsection (b) (1) (E) of such section 1501 is hereby amended by inserting before the semicolon at the end thereof a comma and the following: "and nitrogenous compounds (including anhydrous ammonia), in any form, necessary for the manufacture and delivery of the nitrogenous fertilizer materials required for such export: *Provided, however,* That 50 per centum of the export requirements of nitrogenous fertilizer materials to nonoccupied areas shall be supplied out of nitrogenous fertilizer materials or nitrogenous compounds (including anhydrous ammonia) produced in plants operated by or for the Department of the Army, and notwithstanding any other provision of law the Department of the Army is authorized to produce and sell such nitrogenous fertilizer materials and nitrogenous compounds (including anhydrous ammonia) to fill such 50 per centum of such export requirements". Subsection (c) of such section 1501 is hereby amended by striking out "May 31, 1948" and inserting in lieu thereof "June 30, 1949".

SEC. 2. The provisions of this Act shall take effect as of the close of May 31, 1948, and all regulations, orders, directives, directions, requirements, and delegations issued under title III of the Second War Powers Act, 1942, as amended, which were in effect on May 31, 1948, shall be in effect in the same manner and to the same extent as if this Act had been enacted on May 31, 1948, and any proceeding, petition, application, or appeal which was pending on May 31, 1948, under such title III, as amended, or under any regulation, order, directive, or direction issued thereunder, shall be proceeded with and shall be effective in the same manner and to the same extent as if this Act had been enacted on May 31, 1948: *Provided,* That in any case in which such title III, as amended, or any regulation, order, directive, direction, or requirement issued thereunder, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on May 31, 1948, such period is hereby extended for a number of days equal to the number

of days from June 1, 1948, to the date of the enactment of this Act, both inclusive: *Provided further*, That no act or transaction, or omission or failure to act, occurring subsequent to May 31, 1948, and prior to the date of enactment of this Act, shall, by reason of the enactment of this Act, be deemed to be a violation of such title III, as amended, or of any regulation, order, directive, or direction issued thereunder.

Approved June 4, 1948.

